

**AN ANALYSIS OF THE DETERMINANTS OF
SUCCESSFUL HORIZONTAL COLLABORATIVE
MARKETING ORGANISATIONS**

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CONTENTS

Abstract

Acknowledgements

Chapter 1 INTRODUCTION AND RESEARCH OBJECTIVES 1

1.1	Background to this study	1
1.2	Collaborative marketing	3
1.3	Tourism destination marketing	7
1.4	Aims of this research	10
	1.4.1 Development of theory	10
	1.4.2 Benefits to practice	11
1.5	Defining the research approach	11

Chapter 2 THE PHILOSOPHICAL BASES FOR EXCHANGE 17

2.1	Introduction	17
2.2	Paradigms for exchange	19
	2.2.1 Traditional economic frameworks for studying exchange	19
	2.2.2 Legal and ethical bases of Exchange	21
	2.2.3 Limitations of traditional exchange models	24
	2.2.4 Relational marketing exchange	26
2.3	Elements of relational exchange	29
	2.3.1 Social exchange	30
	2.3.2 Exchange of promises	32
	2.3.3 Trust	33

2.3.4	Exchange of commitment	35
2.3.5	Information exchange	37
2.3.6	Symmetry of exchange	39
2.4	Vertical and horizontal exchange relationships	40
2.5	Universality of benefits of relational marketing exchange	44
2.6	Summary	47

Chapter 3 GOVERNANCE, CO-OPERATION AND ADAPTATION

49

3.1	Introduction	49
3.2	Antecedents of marketing collaboration	51
3.2.1	Reasons for inter-organisational collaboration	52
3.2.2	The Product as an influence on collaborative network characteristics	54
3.2.3	Unilateral and bilateral governance	56
3.3	Theoretical frameworks for studying collaborative marketing	58
3.3.1	Early analysis of co-operative behaviour	58
3.3.2	Resource dependence theory	60
3.3.3	Transaction cost analysis approach to collaborative network formation	63
3.3.4	Structural bonding	66
3.3.5	Social bonding	70
3.3.6	Systems approaches to understanding marketing relationships	71
3.4	Developing a taxonomy of collaborative marketing alliance types	76
3.5	Assessing the effectiveness of collaborative marketing alliances	78
3.6	Summary	80

Chapter 4 TOURISM DESTINATION MARKETING 81

4.1	Introduction	81
4.2	Defining tourism	82
4.2.1	Assessing the impact of tourism on tourism destinations	86
4.3	The nature of the tourism destination product	89
4.3.1	Tourism destination lifecycles	91
4.3.2	Consumer evaluation processes	93
4.4	Providers of components of the tourism destination product	97
4.4.1	Private sector inputs to the tourism destination product	98
4.4.2	The contribution of public sector organisations to the tourism destination product	99
4.4.3	UK National Government inputs	100
4.4.4	UK Local Government inputs	101
4.4.5	Private and public sector inputs compared	105
4.5	Collaborative local tourism marketing organisations	106
4.5.1	Voluntary tourism associations	107
4.5.2	Local authority involvement in private sector associations	108
4.5.3	"Arms Length" organisations	109
4.5.4	Tourism Development Action Programmes (TDAPs)	110
4.5.5	Developing a taxonomy of collaborative tourism marketing associations	111
4.6	Summary	116

Chapter 5 METHODOLOGY 118

5.1	Introduction and research objectives	118
5.2	Research hypotheses	119

5.2.1	Style of governance and the effectiveness of collaborative tourism marketing associations	121
5.2.2	Collaboration and reciprocity between members	126
5.2.3	Organisational compatibility and effectiveness of collaboration	128
5.2.4	Commitment to a collaborative tourism marketing association and its relationship to effectiveness	132
5.2.5	A proposed model	137
5.3	Research methodology	139
5.4	Qualitative Research	139
5.4.1	Operationalising the qualitative research	141
5.5	Quantitative research	143
5.5.1	Questionnaire design - scale development	144
5.5.2	Operationalising the scale items	145
5.6	Data collection	155
5.6.1	Questionnaire piloting	157
5.7	Defining the sample of association members	158
5.7.1	Sample validation	161
5.7.2	Comparison of characteristics of sample with population characteristics	161
5.7.3	Analysis of non-response bias	170
5.8	Missing observations	174
5.9	Data analysis	177
Chapter 6 ANALYSIS		178
6.1	Introduction	178
6.2	Analysis of basic characteristics of respondents	179
6.2.1	Overall satisfaction with the benefits of belonging	

	to the association	179
6.2.2	Main reason for respondents joining their association	181
6.2.3	Enhancing the marketing efforts of the respondent	182
6.2.4	Administration and finance of associations	183
6.2.5	Relationships between association members	186
6.2.6	Respondents' perceived effectiveness of their association	188
6.3	Model development	191
6.3.1	Exploratory Principal Components Analysis	192
6.3.2	Exploratory regression analysis	199
6.4	Development of a robust analytic technique to test research hypotheses	201
6.4.1	Canonical correlation	202
6.4.2	Neural network analysis	203
6.4.3	Structural equation modelling	204
6.5	The development of a structural equation model	205
6.5.1	Development of a theory based model	206
6.5.2	Constructing a path diagram	208
6.5.3	Developing a set of structural equations and specifying the measurement model	213
6.5.4	Inputting data and estimating the proposed model	219
6.5.5	Assessing the identification of the structural model	220
6.5.6	Outcomes and evaluation of model	220
6.6	Results	221
6.6.1	Measurement model outcomes	222
6.6.2	Structural model outcomes	225
6.7	Assessing goodness of fit of model	228
6.7.1	Evaluating the overall fit of the model	229
6.7.2	Model respecification	231

6.8	Analysis of data to test secondary hypotheses	234
6.8.1	Effects of an association's financial, human and operational resources on its governance style (Hypothesis H1A)	236
6.8.2	Governance style and the duration to date of an association's existence (Hypothesis H1B)	240
6.8.3	Governance style and membership size (Hypothesis H1C)	241
6.8.4	Internal compatibility and members' organisational background (Hypothesis H3A)	242
6.9	Indirect effects of secondary antecedent factors on the effectiveness of associations	244
6.10	Summary of results of hypothesis tests	246
Chapter 7	CONCLUSIONS	249
7.1	Introduction	249
7.2	Evaluation of Hypotheses	250
7.2.1	Hypothesis 1: There is an association between the style of governance of a collaborative organisation and its effectiveness	250
7.2.2	Hypothesis 2: The perceived effectiveness of a collaborative organisation will be improved where there is a high level of reciprocation of benefits and obligations between members	257
7.2.3	Hypothesis 3: A collaborative organisation will be considered more effective by its members where there is internal compatibility between members	258
7.2.4	Hypothesis 4: A high level of antecedent commitment	

	by members of a collaborative association is positively associated with its effectiveness	263
7.3	Validity of study	266
7.4	Contribution to theory base	270
7.5	Contribution to business practice	273
7.6	Suggestions for further research	277
REFERENCES		280
APPENDICES		323
Appendix 1	Participants in structured interviews	324
Appendix 2	Checklist of information to be elicited during structured interviews	325
Appendix 3	Questionnaire used for main quantitative survey	327
Appendix 4	Programme instructions for final LISREL model	333
Appendix 5	Correlation matrix used as input to LISREL model	334
Appendix 6	Tests of kurtosis and skewness of variables used in LISREL model	336
Appendix 7	Error variances of indicators used in LISREL model	337
Appendix 8	Goodness of fit measures for LISREL model	338
Appendix 9	Modification indices for LISREL model	339

LIST OF TABLES

Table 2.1	A comparison of transactional and relational exchange	28
Table 5.1	Membership size and response rate for the sample of local tourism associations	160
Table 5.2	Comparison of actual distribution of respondents' business size with expected distribution	164
Table 5.3	Comparison of mean size of respondents' employment size, classified by size of association	165
Table 5.4	Comparison of respondents' business sector with overall memberships' business sector	166
Table 5.5	Analysis of officer to membership ratios of sub-sample of tourism associations	167
Table 5.6	Likelihood of survey respondents reporting being a member of their association.	169
Table 5.7	Comparison of mean values of responses to questions for first-time responders and initial non-responders	173
Table 5.8	Distribution of missing values from sample of respondents	175
Table 6.1	Summary of respondents' attitudes to their perceived value of association membership	180
Table 6.2	Reasons for respondents joining their local tourism association	181
Table 6.3	Respondents' perceived effectiveness of their associations' marketing	184
Table 6.4	Summary of respondents' attitudes towards intra-association	

	relationships	188
Table 6.5	Respondents' perceptions of the effectiveness of their association	189
Table 6.6	Principal components analysis of scale items measuring antecedents of marketing effectiveness	194
Table 6.7	Principal components analysis of scale items measuring marketing effectiveness	199
Table 6.8	Stepwise regression of hypothesised indicators of antecedents of marketing effectiveness on mean score for effectiveness.	201
Table 6.9	Indicators and constructs used in the proposed model	212
Table 6.10	Equations linking indicators with hypothesised constructs	215
Table 6.11	Structural equations, based on path diagram	216
Table 6.12	Parameter matrices input to LISREL programme	218
Table 6.13	LISREL estimates of measurement model coefficients	223
Table 6.14	LISREL estimates of structural model coefficients (completely standardised solution)	226
Table 6.15	Modification indices for structural and measurement model equations	233

LIST OF FIGURES

Figure 2.1	Multiple dimensions of relationship marketing	41
Figure 3.1	A classification of extended network organisations	74
Figure 4.1	Classification of travellers, based on World Tourism Organization definition	84
Figure 4.2	A Life Cycle Analysis of Tourism Destinations	92
Figure 4.3	A segmentation of tourist motivations, based on attitudes, interests and opinions	96
Figure 5.1	A proposed model of antecedents of effectiveness for collaborative tourism marketing associations	138
Figure 5.2	Distribution of response rates between associations	170
Figure 6.1	Path diagram representing model to be tested	211

ABSTRACT

Commercial exchanges have traditionally been conceptualised as discrete events between partners in which the product being exchanged is the focus of attention. More recently, attention has been given to the social and economic environment in which discrete transactions are transformed into ongoing relationships between partners. Early studies of relational exchange focused on industrial buyer-seller relationships, and have since been applied to numerous types of marketing relationships.

Relational exchange frameworks have not yet been developed to explain the antecedents of effectiveness for relationships between organisations where the focal product is poorly defined and the value creation process produces significant externalities. The aim of this research is to develop a framework for understanding the antecedents of successful collaborative marketing in these circumstances. Such collaboration is evident in the marketing of areas as tourism destinations, where numerous private and public sector organisations collectively market a highly complex tourism destination "product" in which significant external costs and benefits are produced.

A literature review considers the bases for inter-organisational exchange and governance in the context of the particular characteristics of tourism destination marketing. A model is developed which hypothesises that the effectiveness of collaborative tourism marketing associations is based on four antecedent constructs of governance style, commitment, reciprocity and compatibility. The model is developed on the basis of published literature and exploratory qualitative research. A number of hypotheses are created for testing. Empirical testing is based on a questionnaire survey of 172 members of local tourism marketing associations in England and analysed using structural equation modelling.

The selection of indicators of the hypothesised constructs was justified by their high levels of reliability and validity. Three of the four hypothesised antecedent constructs significantly influenced the outcome variable of effectiveness, the most significant being governance style. A "tight" governance style was associated with high levels of perceived effectiveness. Significant effects were also recorded for the constructs of commitment and compatibility. In the latter case, a high level of incompatibility between members of an association was found to increase an association's effectiveness. No significant effect of reciprocity on effectiveness was found. The results of the quantitative analysis are interpreted with qualitative data collected from a sample of senior officers of tourism associations.

It is concluded that this research has benefited theory in furthering understanding of collaborative inter-organizational marketing relationships. It has benefited practice by providing guidance on the factors most likely to bring about the successful development of local collaborative tourism marketing associations.

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CHAPTER ONE

INTRODUCTION AND RESEARCH OBJECTIVES

1.1 BACKGROUND TO THIS STUDY

This study is prompted by contemporary interest among marketing academics and practitioners in the pattern of inter-organisational exchange relationships. There is now much literature on the processes by which organisations seek to turn casual business transactions into ongoing relationships (for example Gronroos 1994; Hakansson 1982; Ford 1981). Ongoing relationships can provide benefits to all parties which are not present in purely transactional exchange, including managing levels of perceived risk (Berry 1983; Lovelock 1983); lowering the transaction costs of performing tasks (Williamson 1975; Marshall, Palmer and Weisbart 1979); and gaining a greater insight into the needs of the exchange partner (Treacy and Wiersema 1993; Bickert 1992). In addition, ongoing relationships can satisfy partners' needs for social interaction (Cunningham and Turnbull 1982; Blau 1989).

The term "relationship marketing" has been widely used to describe the processes by which sellers seek to turn transactions with profitable customers into ongoing relationships and its proponents have suggested that the move from transactional exchange to relational exchange represents a paradigm shift in marketing (Gronroos 1994; Gummesson 1994). Relationship marketing frameworks have been extended to study a diverse range of intra- and inter-organisational relationships, including strategic alliances between firms and their competitors (Nueno and Oosterveld 1988); collaborative marketing alliances (Bucklin and Sengupta 1993); public - private sector partnerships (Steckel and Simons 1992; Waddock 1989); the integration of distribution channel members (Anderson and Narus 1990); and internal relationships within organisations (Ruekert and Walker 1987; Arndt 1983).

The marketing of areas as tourist destinations is an activity rich in commercial exchanges. Exchanges take place between individual producers and the final consumer of tourism services; between individual producers for whom the output of one producer may be the input of another; between public sector bodies and private sector producers; and between various government bodies. In addition, producers and public sector bodies frequently act collaboratively to jointly promote their area to tourists.

This research is motivated by a desire to extend knowledge about inter-organisational exchange relationships in situations where a complex product is being marketed which no one organisation "owns". Previous research into inter-organisational exchange has tended to focus on situations where discrete, identifiable goods pass between parties, or where multiple parties have agreements about collaboration to produce and market an identifiable product, for which there is also agreement about how resulting benefits will be divided between the collaborators.

Collaborative tourism destination marketing represents a challenge to established frameworks for studying inter-organisational exchange. The "product" which is the focus of collaboration is highly amorphous. In addition to difficulties in defining the product, it can be difficult to define the organisations who contribute directly or indirectly to the value creation process. It can also be difficult to determine a method by which the benefits resulting from collaboration are distributed to the parties who were responsible for contributing to the value creation. Collaborative tourism marketing can range from informal gatherings of small business owners with limited shared resources to the creation of formal structures which commit public and private sector members to a long term programme of collaboration. It can be argued that much of the interaction between these parties does not comprise exchange as commonly defined in economics-based models of inter-organisational behaviour. The presence of external costs and benefits in tourism destination marketing has led some academics to propose that a concept of matching of stakeholders' interests is more appropriate than the application of exchange frameworks (Bagozzi 1975; Becker 1990).

There are many examples of collaborative tourism destination marketing throughout the world. Co-operation between organisations partly reflects the dominant culture of the business environment, for example co-operation in many Far Eastern cultures is more likely to be interpreted in terms of social status benefits than is the case in many western cultures where instrumental, economic benefits dominate in the culture. For this reason, this research holds cultural factors constant by considering collaboration in just one country - the United Kingdom. Within the UK, collaborative tourism marketing takes place at national, regional and local levels. This research is concerned with local tourism destination marketing.

1.2 COLLABORATIVE MARKETING

In marketing a tourism destination, multiple exchanges occur within producer groups; between producers and consumers and between producers and government agencies. It is the nature of the exchanges within producer groups that form the focus of this study.

Traditional economic theory presupposes that parties to an exchange act with a rationality that is focused solely on the product under consideration. Relatively little attention has been given to the way in which the previous exchange experiences of the parties will influence their evaluation of the current exchange episode. Similarly, little account has been made of the parties' expectations for future exchange and how these might lead to otherwise irrational short-term decisions being made by one or all parties. There is a growing recognition that transactional exchange, with its emphasis on warfare between parties and the bargaining of each individual transaction, provides an inadequate framework for studying an increasingly wide range of market-mediated exchanges.

Collaborative marketing occurs where two or more suppliers recognise that they can collectively achieve more than the sum of each individuals' own efforts. Collaborative marketing alliances have been defined by Anderson and Narus (1990) as the "...mutual recognition and understanding that the success of each firm depends in part on the other firm". While manufacturers and distributors have a long history of collaborating to add value and/or reduce costs of the final product, (Frazier, Spekman and O'Neil 1988, Johnston and Lawrence 1988), collaboration between firms at the same level of a value added chain has become increasingly important in recent times. Early studies of voluntary marketing collaboratives, especially within the agricultural sector, were founded on economic theory in which production economies of scale were seen as a primary benefit of collaboration. More recently, attention has been paid to the manner in which companies operating in similar sectors at similar points of a distribution

channel can collaborate to add to final value and/ or to lower production costs. The study of inter-organisational relational exchange has been applied to strategic alliances (Nueno and Oosterveld 1988; Bucklin and Sengupta 1993; Ohmae 1989); public-private sector partnerships (Steckel and Simons 1992) and partnerships for joint research and development between firms and government bodies (Comer, O'Keefe and Chilenskas 1980). To date, the collaboration which takes place between companies where the product is poorly defined and external costs and benefits are high is under-researched.

Collaborative marketing alliances have assumed increasing importance for a number of reasons. Collaboration allows one member of an alliance to buy in competencies from other firms, in return for which it supplies its own competencies to other members which lack them. Competencies can typically refer to access to markets, technological resources, human resources and financial resources. Alliances can be attractive for firms dealing with rapidly changing markets, allowing each member to contribute their own expertise in terms of technical and market knowledge. A basic premise of transaction cost analysis is that organisations internalise those activities that they are able to perform at lower cost and rely on external providers for those activities in which other providers have an advantage (Williamson 1975).

Collaborative marketing alliances exist where members perceive advantages in sharing some aspects of the marketing of their product. Collaboration can be conceptualised as having horizontal and vertical dimensions. In the horizontal dimension, members of an alliance collaborate on such matters as research and development, standardised product specifications and joint promotion. In the vertical dimension, collaborative marketing alliances can create ongoing relationships with suppliers and customers, for whom an ongoing relationship with the alliance is preferable to a series of individually bargained transactions with alliance members. Collaboration can occur through

corporate joint ventures (Harrigan 1984), social networks (Austrom and Lad 1986), network organisations (Achrol 1991), trade associations (Post and Lad 1984) and public-private sector partnerships (Waddock 1989, Fosler and Berger 1982).

As the move away from atomistic competition between organisations becomes more apparent, the limitations of the established research paradigms in marketing have become evident (Stern and Reeve 1980). Relational exchange implies that parties judge each other on their merits as partners, rather than basing their decisions solely on the goods or services to be exchanged in the current transaction. In this broader evaluatory framework, a number of important antecedents of successful relationships have been identified, including the level of trust which has been built up between partners (Swan and Nolan 1985; McAllister 1995); the level of satisfaction with performance so far (Churchill and Suprenant 1982, Oliver and DeSabro 1988); the level of empathy shown by relationship partners to each other (Saxe and Weitz 1982, Michaels and Day 1985); the knowledge contributed by partners (Trawick, and Silva 1985; Delrega et al 1987). Commitment has been seen as both an antecedent of relationship performance and an outcome (Morgan and Hunt 1994; Gundlach, Achrol and Mentzer 1995). Reciprocity of exchange has been seen as vital to the sustainability of consensual relationships (Bagozzi 1995; Goodwin and Ross 1992).

The study of marketing relationships draws heavily on the literature of social psychology and organisational behaviour. This reflects the importance of social relationships as phenomena which differentiate transactional commercial exchange from ongoing commercial relationships. Analogies have been drawn between buyer-seller relationships and relationships within families to describe the processes of relationship exploration, development and deterioration (Levitt 1983).

This research seeks to identify the antecedents of successful collaboration between members of local tourism marketing associations. Any measurement of the effectiveness of collaboration must begin by considering the goals against which performance should be assessed. The simplest method of assessing the effectiveness of a collaborative marketing alliance is to judge the extent to which achieved outcomes meet the formal objectives of the alliance. However, this approach raises a number of issues. The "problem" which the alliance was designed to tackle may be perceived differently by each of the parties, and the formal goals of the partnership may represent a poor compromise for certain partners. The most important goal for measuring performance should therefore be seen as collaborators' own goals rather than the alliance's formally stated goals. The process of goal compromise may also result in many collective goals being left as general statements of direction rather than precisely specified objectives.

A further problem in assessing the effectiveness of a partnership is that it can be difficult to isolate the effects of collaborative action from other environmental factors which might have contributed to success or failure, as well as the actions of the collaborators which were undertaken outside the context of the partnership.

1.3 TOURISM DESTINATION MARKETING

Tourism is becoming an increasingly important element of national and local economies. The World Tourism Organisation has estimated that in 1993, tourism - loosely defined - accounted for about 3.4% of GDP in the United Kingdom and 4.6% of GDP in the USA, and that tourism will account for 8% of world GDP by 2010 (World Tourism Association, 1995).

The marketing of a tourist destination is a very complex task arising out of the complexity of the "product" on offer. The core benefits which visitors seek - for example solitude, excitement and historical associations - are highly intangible and some characteristics, such as climate, cannot be changed by any marketing effort. Tangibility is provided by the physical stock of hotels, visitor attractions, means of access, car parks etc. Intangibility is provided by the image of an area, as perceived by visitors. The intangible properties of the physical offering can transform the nature of the tourism product on offer - for example through historical associations.

A wide range of public and private sector organisations have responsibilities for delivering intangible benefits and for producing the tangible component of the tourism offer on which the intangible benefits are often based.

The stakeholders involved in marketing a destination can be divided into a number of broad categories, which are found to a greater or lesser extent in all situations where an area is being marketed as a tourism destination: tourism-related operators; local government; national government; and local non-tourism collaboratives (e.g. urban regeneration programmes).

The private sector is largely responsible for facilities operating to narrow commercial criteria, such as hotels, guest houses, sightseeing services and historic attractions. Its marketing efforts focus on particular facilities rather than the area generally, the emphasis being on differentiation between that type of facility within the area rather than between areas. Very often, an organisation with a national chain of outlets may find little benefit in promoting an area, as one result of a successful effort could be to *divert* demand from its other locations rather than to create new demand for the chain. The public sector is usually involved in the provision of a number of critical elements of the total tourism offer, including access roads, signposting, parking facilities, open

spaces, street cleaning etc. There is also an argument for public sector involvement in local area tourism promotion because of the existence of external benefits which it generates.

The interdependency of organisations involved in producing and promoting the tourism destination product provides a basis for the development of collaborative marketing. A collaborative marketing alliance arises from a recognition and understanding that the success of each provider of the total tourism product depends in part on other organisations and that two or more organisations can collectively achieve more than the sum of each individuals' own efforts (Anderson and Narus 1990). Alliances between the private and public sectors are particularly attractive in tourism destination marketing because there is usually a congruence of objectives between the two sectors. Attracting more tourists can benefit not only the narrow financial objectives of tourism operators, but also the more diverse social objectives of the public sector. There has been an increasing recognition of their value in tourism marketing (Boivin 1987, Gunn 1988, Crompton 1990, Stevens 1988).

Significant interdependencies exist between the organisations involved in tourism marketing. Many private sector tourism facilities cannot exist without the co-operation of public sector services, for example in the provision of access roads or airports. Similarly, public bodies which seek to stimulate incoming tourism are dependent upon the investment and operational decisions of private sector tourism operators.

There is also typically much overlapping of duties between the two sectors, and indeed between different bodies within each sector. While individual tourism operators promote features that are specific to their own services, they inevitably promote their area in general, overlapping with the efforts of other private and public sector

organisations. By pooling efforts, all organisations involved can achieve economies of scale (Reid 1987).

While some collaboration is essential for area tourism marketing, the nature of collaborative agreements varies widely. At one extreme, alliances can be formed with clearly defined goals and relationships between members of the alliance. At the other, collaboration can represent a latent understanding between individuals with little formal specification of objectives or relationships.

1.4 AIMS OF THIS RESEARCH

This research seeks to add to the body of knowledge on inter-organisational marketing relationships through contributions to the underlying theory base and through contributions which benefit current practice in the field.

1.4.1 Development of Theory

The primary aim of this research in respect of theory development is to extend knowledge of inter-organisational collaboration in situations where the focal product is poorly defined and there are considerable external costs and benefits present within a network of exchange relationships. Such a situation is presented by the marketing of a tourism destination, which in this research is used as a case study in developing a theory.

A secondary aim is to develop a series of constructs which can be employed to explain why some attempts at collaborative marketing in the situations described above succeed, whereas others fail. It is implicit within this aim that the research seeks to

develop valid and reliable indicators of factors which are antecedents of successful collaborative marketing.

The general aims are translated into specific research hypotheses in Chapter 5.

1.4.2 Benefits to Practice

There has been considerable activity in many places throughout the world to develop collaborative organisations to market areas as tourism destinations. Considerable investments have been made by public and private sector organisations with little evidence of which factors present in collaboration are most important in contributing to success. The primary benefit to practice arising from this research will be to inform potential collaborators of the principal antecedents of successful collaborative tourism marketing. It is accepted that cultural differences between countries will affect the nature of collaboration between organisations and this research limits itself to making recommendations in respect of collaboration within the UK social, economic and political environment.

In addition to specific implications for collaborative tourism marketing, a secondary aim is to produce findings which may be generalisable to similar situations as those which are typical of collaborative tourism destination marketing. In this context, the results of this research may have some implications for other products, such as agricultural produce, which are marketed collaboratively and where external costs or benefits are present.

1.5 DEFINING THE RESEARCH APPROACH

In understanding the functions of collaborative marketing alliances, the first part of this research reviews the literature on marketing exchange. Exchange has been seen as a fundamental element of marketing, present wherever parties agree to trade something which the other values. Collaboration implies a move away from traditional transactional approaches to exchange, in which each transaction is individually bargained, towards relational exchange where each party takes account of the previous history of their transactions, and their expectations for the future. The outcome of this stage of the analysis will be an understanding of the complex components and processes of exchange which influence the operation of a collaborative marketing alliance.

A second stage of the literature review will study the nature of governance of collaborative marketing alliances using frameworks developed in systems theory, (Poole and Van De Ven 1989); organisation theory (Pfeffer and Salanick 1978); institutional economics (Williamson 1985), and contract law (Macneil 1980), each of which offers insight into governance mechanisms for relational exchange.

The third stage of the literature review will analyse the nature of the tourism destination product which forms the focus for the empirical research.

The results of the literature review will be used to develop a model to explain the antecedents of successful collaborative tourism marketing. The output of the model will be a measure of effectiveness, whether assessed by the formally stated objectives of the collaborative, or by the formal or informal objectives of the members of the collaborative. The inputs to the model will be factors identified from the literature on exchange theory, governance mechanisms and tourism marketing, modified in accordance with the outcome of preliminary primary research.

The literature identifies a number of constructs which are hypothesised to represent underlying dimensions of inter-organisational marketing relationships. The literature will be reviewed and the constructs developed in a theoretically sensitive way, such that the model developed has both genuine validity (i.e. it reflects an image of reality and attempts to be complete) and has face validity (i.e. it is readily recognisable) (Strauss and Corbin 1990). In attempting to test hypothesised underlying constructs, it must be remembered that phenomena in the social sciences lack clearly delimited definitions. Thus attempts to test the validity of such antecedent constructs of relationships must recognise the shortcomings of *a priori* definitions. The constructs can be expected to have overlapping boundaries.

A number of authors have sought to identify the nature of inferences which can be made from attempts to develop quantitative models (e.g. Bass 1993; Anderson 1983). Positivist approaches have frequently been accused of seeking meaning from quantitative data sets which is essentially subjective and at variance with the scientific principles on which positivist approaches are based (Brown 1996). In the development of a model, a number of categories of meaning derived from the theory have been identified. One attempt to define three levels of meaning within a theory has been developed by Bagozzi (1994) who talks about *conceptual* meaning; *empirical* meaning and *spurious* meaning (Bagozzi 1994).

The *conceptual meaning* of a concept derives from the semantic content of the terms in the definition of the concept. This implies that a concept is defined in relation to the antecedents, determinants or causes of a phenomenon; the consequences, implications or results of the phenomenon and the associative (i.e. non-causal) links with the phenomenon.

Through linking theoretical terms to observations, *empirical meaning* can be established through a series of correspondence rules. A phenomenon represented by a theoretical term is thought to imply or explain observations, and correspondence rules function as a scientific law linking a theoretical term to an experimental test procedure which in turn leads to observed results. The correspondence rules represent an auxiliary hypothesis that address theoretical terms and hypotheses.

Spurious meaning can be divided into two components: random error and systematic error. In theory, random error in measuring a variable should have a neutral effect overall if random under-estimates are compensated with equal but opposite random over-estimates. A common source of systematic error is an inappropriate choice of measurement procedures in a study. Random and systematic errors potentially threaten the interpretation of research findings, therefore it is important to validate measures and to isolate the effects of such errors. This can be achieved using multiple measures and multiple methods in measurement and hypothesis testing (Bagozzi 1994).

Attempts to empirically study inter-organisational marketing relationships using scientific frameworks of the natural sciences have found favour with followers of the positivist school who seek prior specification of quantifiable variables and re-test ability (e.g. Morgan and Hunt 1994; Bucklin and Sengupta 1993). This approach to analysing relationships has been challenged by what has often been referred to as the "Nordic School" (e.g. Gummeson 1993; Gronroos 1994). The argument of the latter is that while positivist approaches enhance reliability and replicability, they do so at the expense of validity, i.e. the findings are not a mirror image of reality. Post-positivists hold that the "real" truth will never emerge in a research framework which is constrained by the need to operationalise variables in a water-tight manner.

It must be recognised that to undertake a theory generating research project by first designating clear categories and criteria is not feasible in the social sciences. The attempt here is to review the literature to find core concepts with higher validity than previous efforts have been able to achieve.

This study is based on inductive research methods. Literature within the domain of marketing, economics, management theory and social psychology has been reviewed and a judgement made about which issues had practical and theoretical relevance. This is supplemented with qualitative research undertaken among senior officers of a sample of local tourism associations in an attempt to gain a deeper insight into how the literature-based constructs can be contextually operationalised. The approach follows that of "grounded theory" (Glaser and Strauss 1967; Strauss and Corbin 1990). The basis of grounded theory is that as long as there is openness and sensitivity in the handling of literature and a focus on specific issues (in this case inter-organisational relationships within tourism destination marketing), then patterns will emerge. The philosophy is summed up by Glaser (1992, p4):

"The researcher must have patience and not force the data out of anxiety or impatience... He must trust that emergence will occur and it does".

This research seeks to use positivist and post-positivist approaches in a complementary manner. A literature review is undertaken to develop the theoretical basis for a model of antecedents of success tourism marketing collaboration. The development of the model is supplemented with inputs from qualitative research collected from a sample of senior officers of local tourism associations. Survey research is then undertaken to collect quantitative data with which to test a series of hypotheses. The nature of these hypotheses invites analysis based on a combination of quantitative and qualitative

techniques. Finally, conclusions are drawn which are based on the quantitative survey data, interpreted in the context of data collected from the qualitative research.

CHAPTER TWO

THE PHILOSOPHICAL BASES FOR EXCHANGE

2.1 INTRODUCTION

Exchange is at the heart of most business activity. In the context of tourism destination marketing, exchanges occur in a number of ways:

- i. between individual visitors and individual businesses providing tourism related services
- ii. between individual business units, for whom one organisation may be a supplier or customer of another

In addition, a number of more diffuse patterns of exchange can be identified:

- i. between agencies of local government and tourists, in which visitors indirectly pay taxes in return for the provision of publicly provided services
- ii. between agencies of government and local tourism related businesses, where the latter contributes tax revenue, and in return social and economic infrastructure is provided, thereby facilitating trade.

In the marketing of a tourist destination, a complex network of exchange partners exists in which the elements exchanged are diverse. It is too simplistic to reduce all exchanges to an economic basis. Economic theory may be appropriate to the study of one-off exchanges of commodity type products between anonymous buyers and sellers, but is inadequate to explain exchange within the context of a tourism destination marketing system. A complex system of social and information exchange supplements the economic exchange. Furthermore, it is unrealistic to view exchanges between members of a tourism destination system as being one-off transactional exchanges in which the parties have no history of prior exchanges, nor expectations for future exchanges. The collaborative marketing of a tourism destination implies a variety of exchanges which are relational rather than transactional in orientation.

In this chapter, the concept of exchange is explored. The exchange concept is at the heart of many frameworks for understanding social and commercial systems. Models of family and personal friendship are based on the notion of members exchanging complex sets of physical and psychological values. Exchange of value between willing partners is at the heart of economic theory.

The concern here is with exchange which occurs between partners in a market mediated environment. As in other forms of social and commercial exchange, parties to

a market exchange give each other a range of components of value. The components of exchange are explored below within the context of collaborative tourism marketing.

2.2 PARADIGMS FOR EXCHANGE

Study of commercial exchange can be approached from a number of discipline bases. In this section, traditional economic frameworks of exchange are studied and related to contemporary marketing frameworks. Following this, a further approach founded on legal and ethical frameworks will be discussed. The limitations of transactional approaches to exchange will be noted and arguments presented in favour of a relational approach to exchange. In the following sections, the factors which contribute to relational exchange, and which distinguish it from transactional exchange will be discussed.

2.2.1 Traditional economic frameworks for studying exchange

Early models of economic exchange focused on narrow tangible definitions of the components of exchange, to the exclusion of intangible and social dimensions. Adam Smith, writing in the mid-18th century, distinguished between production which had a tangible output - such as agriculture and manufacture - and production for which there was no tangible output. The latter, which included the efforts of intermediaries, doctors, lawyers and the armed forces he described as "unproductive of any value" in any exchange (Smith 1977, [1776] p430). This remained the dominant attitude to exchange of value until the latter part of the 19th century when Alfred Marshall argued that a person providing intangible services as part of an exchange was just as capable of giving utility to the recipient as a person producing a tangible product (Marshall 1890). To Marshall, an agent distributing agricultural produce contributed value to an exchange in just the same way as the farmer himself.

Economics-based models for studying exchange continued for many years to be dominated by a product focus in which utility was provided by the product at the centre of an exchange. Products were exchanged at a price which reflected demand relative to the supply of a particular product. Economics frameworks were not appropriate to exploring the mental world of exchange partners and the means by which they attached value to the products exchanged.

Marketing frameworks approach exchange by seeking to understand the needs which partners seek to satisfy from an exchange. Exchange has been seen as being at the heart of the conceptual domain of marketing. Thus Kotler (1980, p19) defined marketing as "human activity directed at satisfying needs and wants through exchange processes" and Oliver (1980, p10) stated that "Marketing concerns market exchange processes and organisations' marketing efforts are designed to facilitate these exchanges". Hunt (1983, p9) has concluded that "... the primary focus of marketing is the exchange relationship".

The notion of exchange has been cited as giving rise to four principal conceptual benefits (Kotler and Levy 1969, Kotler and Zaltman 1971, Luck 1974):

- i. first, exchange serves as a focal event between two or more parties.
- ii. second, exchange provides an important frame of reference for identifying the network of individuals and institutions that participate in its formation and execution.
- iii. third, exchange affords the opportunity to examine the domain of objects or psychic entities that are transferred.

- iv. finally, exchange can be seen as a critical event in the marketplace that is the culmination of a process by which each of the exchange partners seek information which they can use to evaluate whether an exchange should be completed.

2.2.2 Legal and ethical bases of exchange

Commercial exchange takes place within an environment of rules and norms. The characteristics of the legal-ethical environment influence the nature of commercial exchange and these characteristics differ between cultures and change over time. A type of collaborative tourism marketing which takes place in a culture founded on strong ethical codes of business may fail in a culture where ethical controls are subservient to legal controls.

In many societies, shared ethical values form the dominant governance mechanism for exchange. There is, for example, a presumption in many Far Eastern cultures that exchange partners will be faithful in delivering their part of a bargain. Before any exchange takes place, there may be a lengthy period during which partners gain the social acquaintance and trust of each other, as a prerequisite for business exchange to occur. In western cultures, the importance and role of ethical principles for complex exchange relationships has been noted (Macaulay 1963, Macneil 1986, Shell 1991). Ethics provide guidance for exchange behaviour while affording the flexibility necessary for sustaining relational exchanges.

Business ethicists stress that competition requires co-operation, resting on a foundation of shared interests and mutually agreed-upon rules of conduct. Competition

takes place not in a jungle, but in a society that develops norms of behaviour (Solomon 1992).

Ethics involve perceptions regarding right or wrong, requiring an individual to behave according to the rules of moral philosophy. Though ethics as a philosophy is individually oriented, a number of authors have adopted ethical perspectives in the study of how decision makers operate within marketing organisations. (Ferrell, Gresham and Fraedrich 1989; Hunt and Vitell 1986; Williams and Murphy 1990). It has been noted that much of the law addressing exchange represents a formalisation of moral principles.

Much early writing on contract law evolved from the thinking of Aristotle, who believed that exchange required equality as a matter of commutative justice so that neither party is enriched at the other's expense. Aristotle's notion of exchange was based on the idea that "there would be no association without exchange, no exchange without equality, no equality without commensurability" (Irwin 1985). It is suggested that although Aristotle was discussing personal exchanges in pursuit of a virtuous life, these notions, especially the implied emphasis on equality, are appropriate to the development, adjustment and resolution of conflict in marketing exchanges (Gundlach and Murphy 1993). Contemporary analysis of fair or just exchange postulates that parties to a fair exchange are equal in terms of need (Cordero 1988). Participants may not be equal in terms of wealth, intelligence, experience or moral goodness, but if they are equally interested in obtaining something that the other has, mutually advantageous exchange will result. It has been argued by Koehn (1992, p341) that "the practice of exchange properly understood reveals itself to be inherently, ethically good".

Given that legislation cannot in itself be a complete governance mechanism in commercial exchange, much recent attention has been given to the processes by which

parties to a commercial exchange evaluate each others' ethics. In the context of buyer-seller relationships, Whalen, Pitts and Wong (1991) have proposed that consumers evaluate a seller's ethical behaviour from two different perspectives: a personal perspective, referring to the personal experiences of the consumer with the seller; and a vicarious perspective which refers to societal standards of ethical behaviour. Ethical evaluations become particularly important in the case of high credence services, which focus on future benefits that are difficult to prove at the time of sale (Zeithaml 1981). The inability of many consumers to properly evaluate complex high credence services can put them at the mercy of sales personnel. A pre-occupation by sales personnel with short-term goals may result in unethical behaviour which could subsequently endanger the possibility of developing long-term relationships with customers (Ebejer and Morden 1988).

There has been a tendency in western societies for moral codes for governing exchange relationships to become formalised into legal codes (Gundlach and Murphy 1993). One of the governance mechanisms of a buyer-seller exchange is based in contract law. Contract law combines case law, based on precedents, and statute legislation. The classic case law of contract sees exchange as comprising single, independent and static transactions. It has been argued that the traditional steps of contract formation - offer, acceptance and performance - reflect the perceived one-time nature of individual transactions (Gundlach and Murphy 1993). Prior dealings are of little relevance in the interpretation of exchange which specifies in detail the manner of exchange. While contract law may be an appropriate governance system for one-off exchanges, the theoretical inconsistency of contract law for the development of ongoing relationships has been noted (Macneil 1980, Williamson 1991).

Contract law has, however, been refined and developed in an attempt to deal with issues of extended-term exchanges. Where the terms of a contract are not explicitly

stated (for example, where an issue was not anticipated at the time of exchange of contract), terms may be implied on the basis of custom and practice between the parties. Sometimes, the terms of a contract will need to be revised by the doctrine of frustration if it subsequently becomes impossible to perform the contract (Gundlach and Murphy 1993).

Given the inflexibility of contract law as a basis for governing many types of exchange relationships, it has been observed that business people prefer to rely on general understandings and informal agreements, without routinely resorting to formal contractual rights as a basis for gaining compliance (Frazier and Summers 1984, Beale and Dugdale 1975).

2.2.3 Limitations of traditional exchange models

Basic models of marketing exchange have been criticised on a number of grounds. Firstly, it has been argued that exchange is not an appropriate framework to understand the complex interaction which takes place within a market place. Furthermore, a strict exchange framework does not accommodate the concept of externalities which are present in many exchanges between public service providers and their consumers. This has led to the concept of exchange being refined, adapted and extended. For example, Bagozzi (1975) has argued that marketing is concerned with "generalised" and "complex" rather than "restricted" exchanges. He gives as an example of a generalised exchange the link which exists between an advertiser and the audience of a television station. Bagozzi goes further by stating that the payment of taxes to the government in return for the provision of social services is a form of social marketing exchange, although it is difficult to identify what sovereignty the consumer of government services has in determining the manner or source of their delivery. To Alderson (1982), the concept of "matching" has been seen as conceptually superior to

exchange in circumstances where goods and services are distributed through non-market mediated devices. In the context of tourism destination marketing, such approaches appear to have a number of advantages. A casual visitor to an area may undertake few economic exchanges during their visit, but may nevertheless gain utility from the enjoyment of publicly maintained open spaces and infrastructure. Part of a visitor's enjoyment of a destination may be based on images which have been created or encouraged by producers in the area and add to the perceived value which a visitor gains from a visit. As an example, promotion of an area as the birthplace of a famous folk hero may add to visitors' sense of personal fulfilment when they visit the area, but there can be no certainty that they will directly contribute anything of value to providers in the area. They may, for example, use roads and open spaces paid for by central government using taxation revenue that they have contributed to, while spending little directly with producers in the area.

More seriously, traditional economic based frameworks for analysing exchange have presupposed a series of discrete activities, in which each transaction is conducted without reference to preceding exchanges or without expectations by the parties for future exchanges.

According to Macneil (1980), the archetype of discrete transactional exchange is manifested by money being exchanged by one party in return for an easily measured commodity from the other.

"Discreteness is the separating of a transaction from all else between the participants at the same time, before and after. Its [pure form], never achieved in life, occurs where there is nothing else between the parties, never has been and never will be" (Macneil 1980, p60).

Many academics have argued that it is naive to try and understand marketing by focusing solely on individual transactions between buyers and sellers. Houston and Gassenheimer (1987), for example, argue that if attention is limited to the study of single, isolated exchanges, the heart of marketing is ignored, while Levy and Zaltman (1975, p 27) define marketing as a system where people or groups are inter-related, engaged in reaching a shared goal and have "patterned relationships with one another".

In reality, few exchanges can be described as discrete. Even the simplest model of discrete exchange must postulate what Macneil (1980) describes as a "social matrix", comprising an effective means of communication, a system to preclude stealing, a currency and a mechanism for enforcement of promises. Hence, some elements of a relationship underlie all transactions.

2.2.4 Relational marketing exchange

Beginning with Adler's (1966) conception of symbiotic marketing, academics have explored the trend toward relational exchange. In early work on personal selling, Goodman (1971) emphasised the importance of sustaining relationships with customers and Arndt (1979) later noted the tendency of some exchanges to become circumscribed by long-term associations, labelling the phenomenon "domesticated markets". The complexity inherent in the marketing of a tourism destination implies that many of the multiple relationships identified at the beginning of this chapter are ongoing rather than transactional.

It was noted above that exchange has been attributed with four principal conceptual benefits. The fourth benefit - that exchange is the culmination of an information gathering and learning process - has often been overlooked. Despite the importance generally attributed to the concept of exchange, marketing research has tended to

under-emphasise the relationship aspect of buyer-seller behaviour while tending to study transactions as discrete events.

Macneil (1978, 1980) differentiates discrete transactions from relational exchange along a number of key dimensions. The most important is that relational exchange can only be seen along a time dimension; each individual transaction must be viewed in terms of the history of previous transactions between the parties and their expectations for future exchanges. The basis for future collaboration may be supported by implicit and explicit assumptions, trust and planning. Relational exchange partners can be expected to derive complex, personal, non-economic benefits as part of a wider social exchange. Because each parties' duties can be complex and occur over an extended time period, they may direct much effort toward carefully defining and measuring the items of exchange. Third parties may be called upon to adjudicate, and other customised mechanisms for collaborating and resolving conflict may be designed.

The multi-dimensional aspects of exchange have been summarised by Macneil along 12 contractual dimensions, grouped into situational and process characteristics. Macneil gives examples of polar archetypes of exchange behaviour along each of the 12 discrete - relational dimensions. These are shown in Table 2.1, as adapted by Dwyer, Schurr and Oh (1987).

The study of relational exchange initially focused on the behaviour of industrial buyers in relation to the suppliers of industrial goods, and has since been applied to consumer markets and transactions between parties at different levels of a supply chain.

Table 2.1 A comparison of transactional and relational exchange

Contractual Elements	Discrete Transactions	Relational Exchange
Situational characteristics		
Timing of exchange (commencement, duration, and termination of exchange)	Distinct beginning, short duration, and sharp ending by performance	Commencement traces to previous agreements; exchange is longer in duration, reflecting an ongoing process
Number of parties (entities taking part in some aspect of the exchange process)	Two parties	Often more than two parties involved in the process and governance of exchange
Obligations (three aspects: sources of content, sources of obligation, and specificity)	Content comes from offers and simple claims, obligations come from beliefs and customs (external enforcement), standardized obligations	Content and sources of obligations are promises made in the relation plus customs and laws; obligations are customized, detailed, and administered within the relation
Expectations for relations (especially concerned with conflicts of interest, the prospects of unity, and potential trouble)	Conflicts of interest (goals) and little unity are expected, but no future trouble is anticipated because cash payment upon instantaneous performance precludes future interdependence	Anticipated conflicts of interest and future trouble are counterbalanced by trust and efforts at unity
Process characteristics		
Primary personal relations (social interaction and communication)	Minimal personal relationships; ritual-like communications predominate	Important personal, noneconomic satisfactions derived; both formal and informal communications are used
Contractual solidarity (regulation of exchange behavior to ensure performance)	Governed by social norms, rules, etiquette, and prospects for self-gain	Increased emphasis on legal and self-regulation; psychological satisfactions cause internal adjustments
Transferability (the ability to transfer rights, obligations, and satisfactions to other parties)	Complete transferability; it matters not who fulfills contractual obligation	Limited transferability; exchange is heavily dependent on the identity of the parties
Cooperation (especially joint efforts at performance and planning)	No joint efforts	Joint efforts related to both performance and planning over time; adjustment over time is endemic
Planning (the process and mechanisms for coping with change and conflicts)	Primary focus on the substance of exchange; no future is anticipated	Significant focus on the process of exchange; detailed planning for the future exchange within new environments and to satisfy changing goals; tacit and explicit assumptions abound
Measurement and specificity (calculation and reckoning of exchange)	Little attention to measurement and specifications; performance is obvious	Significant attention to measuring, specifying, and quantifying all aspects of performance, including psychic and future benefits
Power (the ability to impose one's will on others)	Power may be exercised when promises are made until promises are executed	Increased interdependence increases the importance of judicious application of power in the exchange
Division of benefits and burdens (the extent of sharing of benefits and burdens)	Sharp division of benefits and burdens into parcels; exclusive allocation to parties	Likely to include some sharing of benefits and burdens and adjustments to both shared and parceled benefits and burdens over time

(Source: Based on Dwyer, Schurr and Oh 1987)

In the area of business-to-business relationships, a number of studies have been conducted utilising concepts and models that focus on close, interactive relationships between purchaser and supplier (Anderson and Narus 1990, Bonoma and Johnson 1978, Dwyer, Schurr and Oh 1987, Frazier, Speckman and O'Neal 1988, Hakansson and Ostberg 1975, Heide and John 1988, Hunter and Gerbig 1982, Wilson and Mummalaneni 1986). The development of Just-in-Time (JIT) systems in manufacturing has hastened the need for the development of close relationships between buyers and suppliers of industrial products.

2.3 ELEMENTS OF RELATIONAL EXCHANGE

A number of authors have sought to identify the principal components which parties give to each other in ongoing marketing exchange relationships, drawing on frameworks developed in social psychology and organisational behaviour. In the case of "pure" transactional exchange, the elements are relatively easy to identify, as the presumption is made that the parties involved bring no previous history of exchanges to the current exchange, nor do they expect the outcome of the current exchange to influence future exchanges. In the case of relational exchange, the last condition is not met, and any analysis of exchange components must consider a wide range of social and economic factors that form part of the exchange.

Some elements of exchange are fundamental to all ongoing human exchange relationships. Commitment has been seen as crucial for the sustenance of a relationship. Social psychologists point to the importance of trust, based on a party's ability to deliver its previously made promises.

Within the context of commercial relationships, a number of attempts have been made to identify the principal elements of relational exchange. For example, Hakansson

(1982), in a study of industrial buyers and sellers identified four elements which are exchanged by buyer and seller: a product or service; money; information; and sociality. While the first two are common to most commercial exchanges, information and sociality assume greater importance where the relationship has a time dimension. Asymmetrical exchange between parties lessens the possibility of exchange relationships continuing.

The following sections review the components of relational commercial exchange which have been most frequently cited in the literature.

2.3.1 Social exchange

Social benefits are the principal benefits sought from many relationships, such as friendships and marriage. Such benefits are not confined exclusively to relationships which are considered to be primarily social in their objectives. They can also form an important secondary exchange component in commercial exchanges.

In the context of buyer-seller relationships, interpersonal contacts have been considered to be critical in the establishment of close, long-term relationships (Bonoma and Johnson 1978, Hakansson and Ostberg 1975, Campbell 1985, Cunningham and Turnbull 1982, Swan, Trawick and Silva 1985). Social exchange facilitates problem solving and is particularly important in overcoming barriers to communication. According to Hakansson and Ostberg, the degree of social exchange reflects the decision maker's need to trust his or her counterpart. Personal relationships between members of the buying and selling organisations build mutual trust which serves as a risk reduction mechanism (Hakansson and Ostberg 1975, Cunningham and Homse 1986, Ford 1981).

Although social ties have received considerable attention in the context of industrial buyer-seller relationships, they can also be important in private buyer-seller relationships (Blau 1989). Where social aspects of exchange form a very important part of the total exchange benefits received by a buyer, attempts by other suppliers to attract buyers on the basis of more tangible economic benefits may fail. Social exchange can be an antecedent as well as an outcome of commercial exchange. Granovetter (1973) points out that the disadvantages of weak social ties (usually just between business contacts) over strong ties (typically with family and friends) in providing new ideas and fresh opportunities. Numerous studies have examined the role of social ties on entrepreneurship (Birley 1985; Jarillo 1989). Through social ties, an entrepreneur can gain information and control benefits that can lead to sustainable competitive advantage (Burt 1992).

A stream of research has sought to segment buyers according to the importance individuals attach to the economic as against the social aspects of an exchange (Jackson 1985, Fern and Brown 1984). Buyers differ in their receptiveness to relationship development and in the level of suspicion they show towards attempts to create relationships. Buyers who are transaction oriented may have greater concern with the economic outcomes of their purchase, whereas relationship oriented individuals are more concerned with the social exchange aspects of the purchase transaction process (Blau 1989). There is evidence that as buyers gain product knowledge and loyalties through repeat purchase transactions, some groups will shift their primary focus away from the pure economic aspects of the purchase to secondary social exchange factors and develop interpersonal relationships with suppliers (Blau 1989).

Buyers' desire for relational as opposed to transactional exchange can also be related to their locus of control, with the suggestion that buyers with an external locus of

control are more willing to place their fate in the hands of others, for whom a relationship is perceived as a means of reducing risk through shared decision making (Rotter 1966). Finally, some individuals have a greater tendency to learn about products from observing or learning from others (Bearden, Netemeyer and Teel, 1989) and it is suggested that such individuals are more likely to be amenable to relationship development.

2.3.2 Exchange of promises

A promise is one tool through which parties can co-operate in order to serve each others' purposes (Harris 1983). Both contract and relational exchange are rooted in promise keeping and the "promise principle" provides the moral basis for contract law (Fried 1981). Individuals can voluntarily impose obligations on themselves under which they can choose to make promises to others for mutual advantage.

By Macneil's earlier definition of relational exchange, a promise can only be associated with relational, rather than transactional exchange. The former implies a period of time elapsing between an offer of exchange being made, and actual performance taking place, in other words, some sort of ongoing relationship between the exchange partners must exist. A number of researchers have pointed to the role of promises, in particular the keeping of promises, in contributing to the long-term success of an exchange relationship. Peck (1993) points to the keeping of promises and the assurance of commitment from both parties as essential for a relationship to succeed. Gronroos (1990) has drawn attention to the fact that in a true relationship, promises have to be kept on both sides.

Although promises are an important component of relational exchange, they contribute to the quality of an ongoing relationship through the mediating device of trust. A party

giving promises which are not subsequently delivered denigrates the value of the promises which it contributes to an exchange. Trust is built up between parties to relational exchange and its development adds credence to the value of promises given.

2.3.3 Trust

In circumstances where individuals or companies are free to choose their exchange partners, relational exchange will only subsist over time if each party trusts the other party to deliver its promises. Trust is therefore an important element of relational exchange. In the absence of legally binding and enforceable contracts between parties, trust sustains promises of performance.

The concept of trust assumes importance in a wide range of social and commercial relationships. For example, Rotter (1967, p.651) states that

"One of the most important factors in the effectiveness of our present complex social organisation is the willingness of one or more individuals in a social unit to trust others. The efficiency, adjustment, and even survival of any social group depends upon the presence or absence of such trust".

Many analyses of trust in a marketing context build upon models used in social psychology to explain its important role in interpersonal dyads. There are many definitions of trust. A typical definition is given by Schurr and Ozanne who define trust as "a belief that a party is reliable and will fulfil its obligations in an exchange relationship" (Schurr and Ozanne, 1985). Models of trust based in social psychology often conceptualise trust as the outcome of a process of exploratory interaction between parties. In their analysis of the development of trust, Swan and Nolan (1985) conceptualise three stages. In the first stage, there has been no opportunity for

exploration of each parties' credentials, therefore the level of trust between buyer and seller is at a minimum until a minor exchange occurs. Once exchanges have occurred, trust development moves into the second stage in which the buyer has the opportunity to check actual delivery against the promises that the seller has made. Trust is established where the perceived performance matches the promised performance. Finally, trust established through interaction is combined with other external factors (e.g. word of mouth opinions and media reports about the seller) to form an overall perception of trust in the seller. Trust may in fact occur without any prior interaction between buyer and seller, being based on the recommendation of trusted others.

Three stages in the development of trust were also identified by Zaltman and Moorman (1988), culminating in a faith that the other party will continue to act in a responsive manner despite being in a possibly uncertain environment.

Trust has been studied widely in the context of organisational behaviour, where "norms of trust" have been seen as characteristics distinguishing management theory from organisational economics (Barney 1990; Donaldson 1990). It has also been viewed as important within strategic alliances (Sherman, 1992).

The development of trust can lead to a virtuous circle where trusting behaviour by one party encourages trusting behaviour on the part of the others. Its development can facilitate exchange in a number of ways. Mutual shared trust can assist parties with conflicting interests and it has been shown to facilitate communication and feedback, problem solving and delegation. It has been considered a prerequisite for collaboration leading to relational exchange (Pruitt 1981). The importance of bilateral trust in developing and sustaining relationships has been shown by Moorman, Zaltman and Deshpande (1992). Risk is a component of trust - as risk increases, so the need to be able to trust a supplier increases (Schlenker, Helm and Tedeschi 1973).

2.3.4 Exchange of commitment

Commitment is essential for any exchange where the fulfilment of a promise is temporally separated from the making of the promise. The concept of commitment is applicable to both inter-organisational and interpersonal exchange (O'Reilly and Chatnam 1986, Burgess and Huston 1979).

Much of the discussion of commitment in commercial exchange draws on its conceptualisations in the context of social exchange (Cook and Emerson 1978; Blau 1989; Thibaut and Kelly 1959), and in marriage (Thompson and Spanier 1983; McDonald 1981). For the latter, McDonald distinguished marriage from other social relationship types on the basis of the mutual social trust and the resultant commitment on the part of the individuals to establish and maintain their relationship.

Exchange of commitment has also been extensively conceptualised in the literature on organisational behaviour (Becker 1960; Reichers 1985; Meyer and Allen 1984). In this context, commitment is seen as important because of its effect in reducing staff turnover (Porter et al 1974) and improving staff motivation (Farrell and Rusbult 1981). Studies have shown how commitment to an organisation can be generated by careful use of recruitment and training practices (Caldwell, Chatman and O'Reilly 1990), job equity (Williams and Hazer 1986) and organisational support (Eisenberger, Fasolo and Davis-LaMastro 1990).

In a buyer-seller relationship context, Morgan and Hunt (1994) define commitment as a belief by an exchange partner that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes that the relationship is worth working on to ensure that it endures indefinitely.

In this sense, commitment can exist only where the party giving the commitment considers a relationship to be important to itself.

Commitment implies that both parties will be loyal, reliable and show stability in relation to the agreement they have with the other party. Commitment may be based on an implicit or explicit pledge of relational continuity between exchange partners and is a function of each partner's perceptions of the other's pledges, together with factors such as communication levels. Commitment has been linked with situations where bilateral communication is the norm and both sides are willing to assume risk in the relationship (Anderson and Weitz 1992). To Williamson (1983), "credible commitments" are closely associated with trust, equity and responsibility. Commitment also implies that all parties will be prepared to work out conflict and differences through a process of negotiation.

An absence of commitment from all parties would imply that they have no intention to enter into long-term exchange relationships. An asymmetric commitment may occur where one party has considerable control over resources, making the other party dependent. In these circumstances, the dependent party may have no option but to continue seeking exchanges with the other party. In the absence of stability and reliability, they will regard the quality of their relational exchange as being poor.

Conceptual models which hypothesise life cycles of relationship development see commitment as an essential step in the transition from exploratory discrete exchanges to longer-term ongoing relational exchange. To Dwyer, Schurr and Oh (1987), commitment refers to an implicit or explicit pledge of relational continuity between exchange partners.

Some confusion can occur as to whether repetitious behaviour between two partners to an exchange does in fact constitute commitment to an ongoing relationship. Rusbult and Buunk (1993) observed that there must be commitment in a relationship, defined as a subjective state involving both cognitive and emotional components, and being long-term in nature with a desire to maintain the relationship. What at first sight appears to be loyalty on the part of one party may hide the fact they have few other exchange possibilities and are therefore "trapped", rather than committed to a relational exchange. Such a relationship is qualitatively different to one where both parties are engaged as willing participants. Loyalty has often been confused for commitment (Barnes 1994).

Finally, it should be noted that while commitment may be an important *antecedent* of ongoing commercial relationships, it is also an important *outcome* of a successful relationship. Relational partners can therefore become locked into a virtuous circle in which antecedent commitment generates outcome commitment, which in turn results in a heightened level of antecedent commitment to the relationship.

2.3.5 Information exchange

Traditional economic models of exchange in competitive markets have presumed the existence of perfect knowledge between participants in the market (e.g. Lipsey and Chrystal 1995; Stanlake and Grant 1995). In a market environment which is less than perfectly competitive, information is a valuable commodity and possession of superior information can give a party competitive advantage (Piercy 1985).

Information exchange can be conceptualised in terms of the knowledge base available to each party, and the extent to which they contribute their knowledge in an exchange. Much research has been reported on the role of the knowledge base of sales personnel

in developing ongoing buyer-seller relationships. A number of dimensions of sellers' expertise were identified by Swan, Trawick, and Silva (1985), including the measurable technical knowledge of personnel, the extent to which they are able to demonstrate such knowledge and competence, proof that personnel are expert in their field (e.g. through formal qualifications), and an explicit statement of availability, ability and capacity to serve the customer. Credibility, reliability, responsiveness, and an ability to get answers were seen as important determinants of competence by Hayes and Hartley (1989), in contrast to aggressiveness and persuasiveness which detracted from it. Finally, Crosby, Evans, and Cowles (1990) talk about domain expertise in terms of training, knowledge, and experience needed to sell particular services.

There is evidence that asymmetric exchange of information, in which one party is perceived by the other to be withholding information which it should expect to receive, results in a deterioration in the quality of exchange relationships. In the case of buyer-seller relationships, a failure of sales personnel to reciprocate information offered by the buyer has been observed to contribute to a seller-focused rather than a customer focused interaction (Delrega et al 1987; Saxe and Weitz 1982).

It has also been pointed out that many firms use information supplied to them by exchange partners in an attempt to build a relationship in a non consensual manner (Treacy and Wiersema 1993). The decision to initiate what is considered a customer relationship is usually one-sided in that a company unilaterally decides to build a relationship with its customers. Customers have often been critical of companies that claim to be developing customer relationships, but have not sought their consent. The data maintained on customers is often shared throughout the organisation, usually without the consent or knowledge of the customer.

The potential for information exchange between commercial relational partners has increased significantly with the development of information technology. In some consumer markets, especially those involving personal and financial services, it has been traditional to keep detailed records of each individual customer. However, the majority of transactions between sellers and private consumers have been undertaken anonymously with little opportunity to capture information cost-effectively. It is in this latter field that relationship marketing based on databases has found much recent support, closely linked to the development of information technology (Peterson and Wang 1993; Treacy and Wiersema 1993).

Information technology can now allow large organisations to enter into a personalised dialogue with each of their exchange partners, recreating something that was previously possible between the owner of a small business and his or her customers. Owners of small businesses have often been able, through personal contact, to know the needs of their customers very well, so that they could suggest appropriate offers to them individually, or could assess what level of credit to trust them with. As the size of organisations has grown, relationship building based on personal contacts has become more difficult to achieve. Information technology can reinvigorate the quality of information that businesses contribute to an exchange.

2.3.6 Symmetry of exchange

Finally, there is considerable literature to suggest that for commercial exchange to be sustainable, there must be a reciprocation of value. In this context, value refers to the diversity of components which make up marketing exchange.

Recent conceptualisations of commercial exchange consider reciprocity to be a fundamental virtue which builds solidarity and contributes to the creation and

maintenance of balance in social relations (Bagozzi 1995; Becker 1990). Equity theory has been used to argue that customers who feel that they are getting a better ratio of benefits to costs than their exchange partner will feel a greater sense of commitment to their exchange partner (Goodwin and Ross, 1992; Kelley and Davis, 1994) and are likely to show greater forbearance in the event of a failure by the supplier.

Many exchange relationships are developed in a non-consensual manner where one superior party is able to exercise authority over a subordinate party and such exchange relationships have been seen as qualitatively inferior to ones based on bi-lateral governance mechanisms (Heide 1994). The governance of exchange relationships and the role of symmetrical dependency is explored in the following chapter.

2.4 VERTICAL AND HORIZONTAL EXCHANGE RELATIONSHIPS

Although commercial relational exchange was first seen as having importance in the context of industrial buyer-seller relationships, the relational exchange paradigm has now been extended to encompass additional scenarios. Morgan and Hunt (1994) identify ten types of relational exchange. Their conceptualisation provides a useful basis for studying the complex set of relationships involved in tourism destination marketing. In addition to relationships which take a focal firm forward through a value chain to its customers, relationships can also be developed back through the value chain with the firm's suppliers, inwardly with the firm's employees and laterally with other organisations who are neither suppliers nor customers. These are illustrated in Figure 2.1.

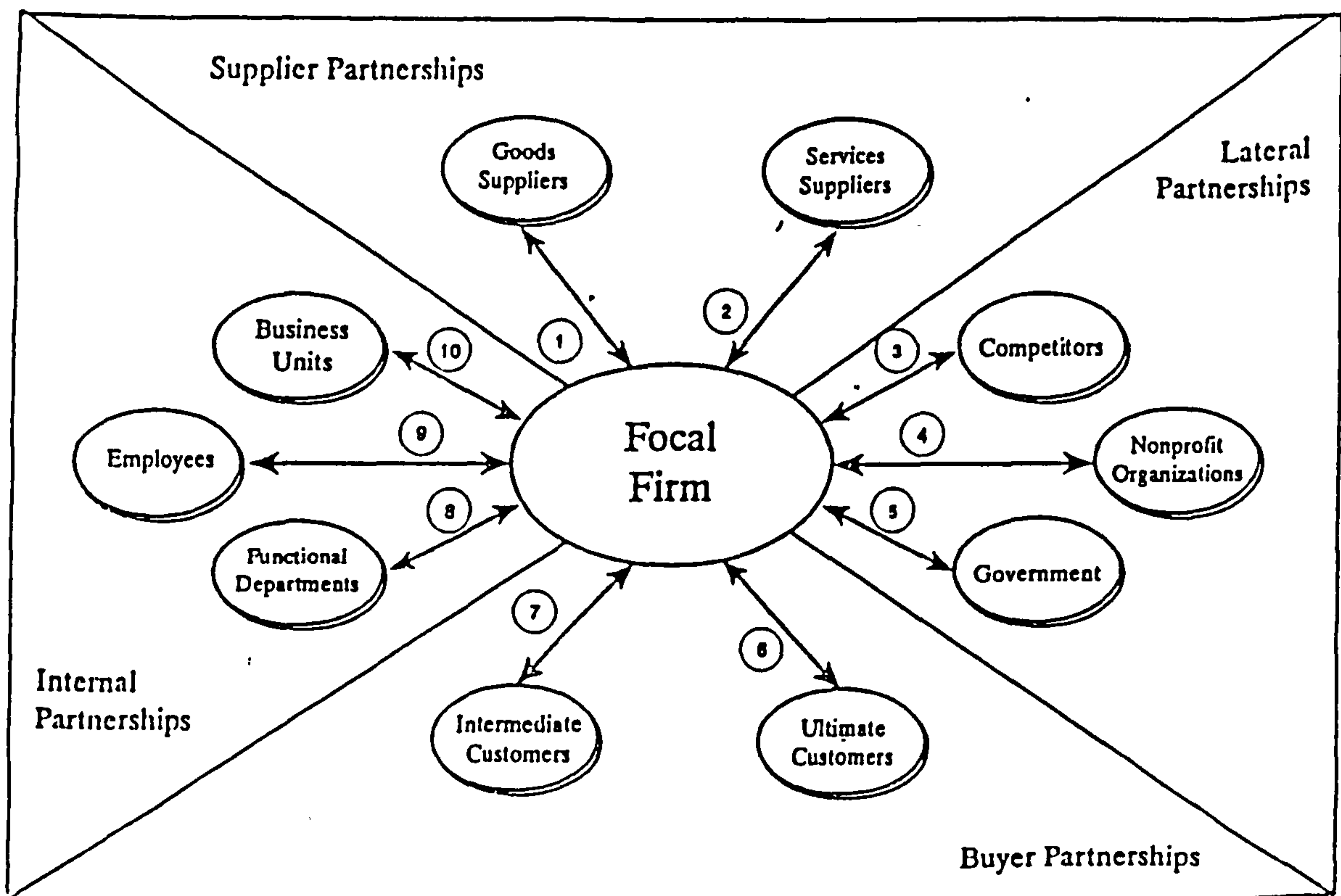


Figure 2.1 Multiple dimensions of relationship marketing
(based on Morgan and Hunt (1994))

The ten relationships described by Morgan and Hunt are described below in the context of tourism destination marketing:

1. Relational exchange involving the focal firm and its goods suppliers, characterised by "Just in Time" procurement and "Total Quality Management" systems (Frazier, Speckman and O'Neal 1988; O'Neal 1989).
2. Relational exchange involving a firm's service providers, for example the relationship which exists between a tour operator and suppliers of accommodation and transport facilities (Beltramini and Pitta 1991; Moorman, Zaltman and Deshpande 1992).
3. Strategic alliances between firms and their competitors, for example as seen in technology alliances (Nueno and Oosterveld 1988); co-marketing alliances (Bucklin and Sengupta 1993); and global strategic alliances (Ohmae 1989). Much attention in the tourism sector has been focused on strategic alliances between hotel chains, car rental operators and airlines, seeking to add value to each others activities through an exchange of core competencies. At a more local level, some local authorities have developed alliances with neighbouring authorities to market their region collectively.
4. Alliances between a firm and non-profit organisations, as in public-purpose partnerships (Steckel and Simons 1992). An important development to note here are the tourism development companies formed in many parts of England as part of Tourism Development Action Programmes (Bramwell and Broom 1989).
5. Partnerships for joint research and development between firms and government bodies (Comer, O'Keefe and Chilenskas 1980)

6. Long-term exchanges between firms and their final consumers (Berry 1983). These are characteristic of the relationships which many hotels seek to develop with their corporate clients.
7. Relational exchanges are developed between members of a channel of distribution (Anderson and Narus 1990), typified by preferential working relationships which often exist between tour operators and selected travel agents.
8. Relational exchange frameworks have been used to study the pattern of internal relationships between departments within organisations (Ruekert and Walker 1987). Within local authorities, which are responsible for providing a wide range of tourism related services, effective inter-functional relationships may be crucial to the development of vital aspects of the tourist destination "product".
9. Internal marketing, which is based on exchanges between a firm and its employees (Arndt 1983; Berry and Parasuraman 1991). The tourism industry tends to be labour intensive and many organisations in the sector have recognised that effective internal marketing provides a basis for sustainable competitive advantage.
10. Inter-divisional exchange within an organisation, which may be between subsidiaries, divisions or strategic business units (Porter 1987)

It can be noted that while elements of tourism destination marketing are represented by various of these ten relationships, none adequately describes the situation of a collaborative tourism marketing association where the product is poorly defined and the level of external benefits high. This is further justification for the research aims which were described in the previous chapter.

2.5 UNIVERSALITY OF BENEFITS OF RELATIONAL MARKETING EXCHANGE

Casual exchanges, whether in personal or commercial circumstances, will generally only be transformed into an ongoing social exchange if such ongoing exchange meets the needs of the parties involved. Ongoing marketing relationships are sustained by the desire to meet each parties' needs and a number of researchers have sought to identify the diverse nature of these needs.

In the case of highly complex services which are incapable of evaluation before purchase, Berry (1983) and Lovelock (1983) have pointed out that a relationship with a trusted supplier can act as a manager of the customer's exposure to risk. Buyers also frequently seek continuity of service from one supplier where the nature of a service process would make it difficult or expensive to switch supplier (Lovelock 1983). For example, the transaction costs for a tour operator to frequently change coach suppliers may be high, where the latter have developed specialised knowledge which could not be easily replaced.

In some markets, customers may seek the reassurance which a relationship can bring in terms of the ability to obtain preferential treatment or semi-automatic responses to requests for service (Marshall, Palmer and Weisbart 1979). For example, a tour operator which has a long-term contract with a hotelier avoids the need to formally negotiate a contract on each occasion that additional rooms are required. By entering into such a relationship, buyers can avoid significant transaction costs associated with multiple service ordering (Williamson 1975). It has also been suggested that both suppliers and customers seek the security of relationships where the market environment is turbulent (Zeithaml 1981).

Many sectors of the tourism industry have led recent developments in relationship marketing, for example airlines and hotels have developed programmes to reward frequent users with incentives and many car rental operators have developed club type schemes which deliver faster or guaranteed services to club members. In many cases, companies from different sectors of tourism have collaborated to promote ongoing relationships across their combined range of services. While many of these have involved high profile national campaigns (for example, collaboration of hotels in airlines' frequent flyer programmes), there have also been numerous local applications (for example, discount cards used in many resorts to encourage trade within the businesses of the card's sponsors).

Relational exchange is not appropriate to all buyer-seller relationships. Sellers of generic commodity products may find relationships difficult to achieve in a market where buyers have no reason to remain loyal to one supplier and routinely seek out the supplier which is the lowest cost and/or most accessible (for example many local authorities are required by law to routinely seek tenders for the supply of ancillary tourism-related services such as cleaning and grounds maintenance).

While the benefits of a relationship marketing strategy have become more evident to suppliers, the customers of many organisations have become increasingly confident about venturing beyond a relationship, or engaging in a series of sequential relationships. As an example, it has been observed that 43% of a US sample of bank customers and 27% of a UK sample had changed banks within the last 5 years (Lewis, 1991), running counter to earlier anecdotal observations that a relationship which individuals have with their bank is more enduring than the relationship with their spouse.

It is possible that real or anticipated costs outweigh the benefits of relational exchange. Maintenance of a relationship requires resources, and parties with highly divergent goals may spend considerable economic and mental resources in conflict and haggling processes. More importantly, commitment to a relationship may result in the cost of foregoing opportunities for exchanges with other potential partners.

One of the defining characteristics of relational exchange identified by Macneil is a time orientation within which exchange takes place (Macneil 1980). However, it may be naive to assume that time is a continuous construct in which a longer time orientation implies a greater relational orientation. In the short to medium term, relational exchange may be seen by one or both parties as a means of gaining competencies which they can subsequently use to encroach on their relational partners' value adding activity. In this way, UK manufacturing firms may have seen strategic alliances with Japanese companies as a short to medium strategy to acquire skills from their Japanese partners, whereupon they have broken off their partnership to operate independently (Hamel 1991; Main 1990).

A further argument against time orientation being synonymous with relational exchange is the observation that frequency of transactions between a buyer and seller does not necessarily imply any long-term loyalty from one to the other (O'Brien and Jones 1995). The use of technological, economic and legal bonds between buyers and sellers may lead to a feeling of involuntary customer detention rather than willing customer retention. There is now much evidence that companies' loyalty schemes in fact have little effect on underlying affective commitment (e.g. Marketing 1994).

Relational exchange may be inappropriate to businesses that serve market segments where customers have no underlying need for further exchanges involving a category of product that the company is able to supply. In the extreme case, a small scale

company may appeal to the curiosity of buyers for whom a second time purchase will have little of its original value - curiosity. This phenomenon is present in many tourism related businesses in destinations of symbolic rather than aesthetic quality (for example, many people make a religious pilgrimage once in their lifetime with little incentive to return again). While firms with a diverse product and geographical coverage may be able to build on their initial curiosity contact, opportunities for relationship development by smaller companies in such circumstances is limited.

Though relational exchange can have beneficial outcomes to the parties involved, public policy concerns have been raised about the possibility of uncompetitive outcomes resulting from relational exchange. Relational exchange can facilitate the creation of cartels (Posner 1976) and elevate entry levels to an anti-competitive level (Williamson 1975). It has also been argued that excessive reliance on relational exchange can have a harmful effect on the dynamics of an industrial sector (Goldberg 1979). Relational interaction can serve as a basis for collusion in restraint of trade, especially among rivals. The development of ongoing relationships has been seen as a method by which one party seeks to limit the exchange possibilities of the party (Sheth 1995).

2.6 SUMMARY

This chapter has reviewed frameworks for studying commercial transactions and the diverse nature of elements which are exchanged therein. Frameworks founded in economics are inadequate for understanding repetitious exchanges between parties which are influenced by previous exchanges of sociality. It is important to have reviewed the complexity of exchange components, as Chapter 4 will argue that tourism destination marketing involves an extensive network of exchange relationships in

which tangible components of exchange cannot be understood without reference to this wider social framework of exchange.

Where commercial exchanges are transformed from transactional to relational, some system, formal or informal, is needed to regulate exchanges, to prevent one party being exploited by others. Issues of governing ongoing exchange relationships have been alluded to in this chapter, and are returned to for further discussion in the following chapter.

CHAPTER THREE

GOVERNANCE, CO-OPERATION AND ADAPTATION

3.1 INTRODUCTION

In the previous chapter, it was argued that exchange is central to contemporary definitions of marketing. Exchanges between parties take many diverse forms and the objects of exchange can be diverse. Tourism destination marketing involves complex exchange relationships between consumers, private sector organisations and public sector organisations and during the course of these exchange relationships, diverse tangible and intangible benefits are transferred between the parties.

It was argued that relational exchange, which typifies exchanges present in tourism destination marketing, entails the parties augmenting the narrow economic basis of their exchange with a more complex set of social and economic elements. In the

context of this wider exchange, methods of governing the exchange, and evaluating whether to continue with an ongoing relationship, become more complex. In particular, it was noted in the previous chapter that as the pattern of exchange moves from transactional to relational; commitment, trust and sociality become more important elements of marketing exchange. These elements imply greater co-operation between the exchange partners and the need to adapt to each others' methods of operation. This chapter will review the literature on inter-organisational governance, co-operation and adaptation.

A number of frameworks have been proposed to explain the manner in which organisations make decisions about whether to develop an ongoing exchange relationship with another organisation; the processes of co-operation and adaptation, and the methods of governance which such a relationship implies. The limitations of established research paradigms, based primarily in economics, in explaining inter-organisational transactions have become evident (Stern and Reeve 1980). In their attempt to bring additional understanding to buyer-seller relationships, researchers have sought to learn from theoretical developments in other disciplines. These areas have included systems theory (Poole and Van De Ven 1989); organisation theory (Pfeffer and Salanick 1978); institutional economics (Williamson 1985), and contract law (Macneil 1980), each of which offers insight into alternatives to market governance based on transactional exchange.

These bodies of literature provide differing perspectives on both the forms that inter-firm governance can take and their antecedent conditions. For example, transaction cost theory has described departures from market exchange in terms of shifts towards hierarchical governance (Williamson 1985), whereas contracting theory views this shift as the establishment of relational governance (Macneil 1980).

While many of the frameworks to be analysed have been developed within the context of vertical supply channel relationships, their application to collaborative marketing alliances will be considered here. Collaborative marketing alliances are a horizontal form of relational exchange, occurring where two or more organisations recognise that they can collectively achieve more than the sum of each organisations' own efforts. Collaborative marketing alliances were defined by Anderson and Narus (1990) as the "...mutual recognition and understanding that the success of each firm depends in part on the other firm". Horizontal collaborative alliances have become of increasing interest in recent years (Bucklin and Sengupta 1993; Waddock 1989)

In attempting to identify the factors that facilitate the creation, regulation and sustenance of collaborative tourism marketing associations, a review of literature will bring together the different perspectives from which inter-organisational co-operation has been viewed.

Following a review of the antecedents of inter-organisational co-operation, early economic analyses of collaboration will be followed by a review of those based on resource dependency, transaction cost economics, structural bonding, social bonding and systems theory. The frameworks overlap in their perspective and provide a useful basis for examining tourism marketing associations in the following chapter. As a precursor to this, this chapter concludes with an attempt to develop a taxonomy of collaborative marketing alliances and raises issues about evaluating the effectiveness of such organisations.

3.2 ANTECEDENTS OF MARKETING COLLABORATION

Numerous reasons have been cited for organisations' desire to engage in collaborative marketing. Strategic considerations within collaborating partners may be an initiator of

collaboration, encouraged or moderated by the nature of the product which is at the focus of the collaboration. The form which collaboration takes can range from one in which one party is dominated by the other, to collaboration based on systems of mutual governance. This section reviews the literature on factors associated with the development of collaboration and introduces the polemic categories of uni-lateral and bi-lateral governance systems.

3.2.1 Reasons for inter-organisational collaboration

Atomistic competition between organisations in a market can be considered to be an exception rather than the rule (Arndt 1979) and critics of atomistic models have pointed to a number of benefits to organisations arising from the development of collaborative relationships. The benefits include reduced uncertainty, managed dependence (Speckman, Strauss and Smith 1985), exchange efficiency and social satisfactions from the collaboration. Foremost is the possibility of significant gains in joint - and consequently individual - payoffs as a result of effective collaboration to attain goals. In a buyer-seller relationship, the buyer's perception of the effectiveness of the exchange relation is a significant mobility barrier and a potential competitive advantage for the seller that helps to insulate the latter from price competition.

Within resource dependency theory and strategic contingencies theory, collaborative marketing alliances can help partners manage their exposure to risk and lack of access to critical resources. However, interdependence and the desire to exchange core competencies alone are not sufficient to bring about collaboration - the collaborators must also recognise that the resulting benefits are of such importance and outweigh the costs and the loss of autonomy which they must relinquish to partners. The adaptation process may be initiated by either party and adaptations may be either mutual or one-sided (Campbell 1985, Frear and Metcalf 1988).

In addition to popularly held beliefs which facilitate collaboration, the visionary leadership of individuals may be instrumental in initiating collaboration. A "champion" of collaboration can be a key factor in turning a general idea into a specific proposal which can be operationalised by potential collaborators (Gray 1985). In some cases, collaboration can develop as a result of a legal mandate or government incentive, for example preferential treatment given by central government to local authorities who develop partnerships with private sector organisations (Raelin 1980). Legislation may itself result from widespread public pressure for action. A common view held among influential members of a society may facilitate the process of networking or legislative change. In some instances, a perceived crisis may facilitate the process of coalition formation (Fosler and Berger 1982, Gricar and Brown 1981).

Collaboration may emerge from a network of formal and informal associations of organisations. Previous research has suggested that networks can allow parties to recognise areas in which their work overlaps, allowing them to resolve problems of organisation and to develop new collaborative organisations (Austrom and Lad 1986, Marrett 1980). Once initiated, networks can be instrumental in procuring critical resources for the collaborative organisation (Wiewel and Hunter 1985). In some cases, third party brokers can be instrumental in bringing members of a network together, thereby creating opportunities for interaction (Trist 1983).

A number of attempts have been made to model the processes of partnership formation using life cycle analyses. McCann (1983) has observed three sequential stages in the development of collaboration: problem setting, direction setting and structuring. Waddock (1989) talks of an initial stage of issue crystallisation during which issues become better understood, on the basis of which future action can be taken. This is followed by a period of coalition-building during which interested collaborators come

together and establish norms and power relationships among themselves (Gray 1985, Freeman 1984). During the third stage, the parties establish a consensus of the partnership's domain and proceed to set goals for the partnership.

Once initiated, collaborative marketing alliances can remain very fragile institutions. Partnerships will be held together where all parties are able to achieve their objectives better than if they were to act alone. Many would not survive beyond the initiation stage to reach maturity. Death results where the expectations of the partners are not reflected in actual outcomes. Additionally, environmental change could result in one or all parties being able to satisfy their objectives better elsewhere, resulting in a slow atrophy in the partnership until it finally dies.

3.2.2 The product as an influence on collaborative network characteristics

The exchange of a good or service provides an impetus for collaboration and therefore the characteristics of the product exchanged are likely to have a significant effect on the processes of interaction that develop between the parties.

While simple, commodity type products can often be adequately handled through casual, transactional relationships, greater product complexity can result in the need for closer collaboration (Hakansson and Ostberg 1975, Cardozo 1981). Cunningham and Turnbull (1982) noted that the complexity of the product being purchased had profound effects on the amount of information exchange which is required and the length of time over which this occurred. For example, the exchange of technical specifications relating to a complex product may require close collaboration and exchange of information between buyer and seller over a period of months or years. The development of Just-in-Time production systems has encouraged the development of collaboration between partners, because of the requirement for extensive sharing of

technical and commercial information. Within the tourism industry, relatively simple services, such as the supply of printed brochures are more likely to be provided through a series of casual transactions, whereas more complex services such as those provided by ground handling agents are more likely to be provided within an ongoing collaborative relationship.

The importance of a product to a buyer has been cited as a reason favouring relational over transactional exchange (McQuiston 1989). For small businesses which are highly dependent on a narrowly defined segment of tourists, a relationship with a larger organisation may provide the smaller business with greater stability. In this way, hotels in holiday resorts may face a choice between committing rooms to a tour operator for a number of years, or holding them back to offer on the "spot" market. The former maximises stability in the sense that the hotel may gain preferential business from a tied tour operator during a period of recession. However, it limits the possibilities for exploiting opportunities available in spot markets. A risk-averse company may seek the former strategy for exchange, whereas a risk seeking one may seek the latter.

The pattern of exchanges can be influenced by whether a product is novel to an organisation, or is infrequently traded by it (Leenders and Blenkhorn 1988, O'Neal 1989). For example, a large hotel may have acquired competencies to market themed weekend breaks without the involvement of other partners. A smaller hotel, or one setting out to develop this market may seek ongoing collaboration with a partner who can share core competencies.

In some cases, the nature of the product necessarily involves long-term collaboration. This occurs in many public-private sector collaborations (Waddock 1989). These have the potential to combine the political and economic resources and social responsibilities of public sector organisations with the financial and managerial

resources which are more characteristic of private sector organisations. For this reason, ongoing collaboration between public and private sector organisations is characteristic of airports, industrial development agencies and tourism promotion.

3.2.3 Unilateral and bilateral governance

A distinction has been made between collaboration which is based on unilateral governance and that which is based on bi-lateral governance mechanisms (Heide 1994). Unilateral governance implies one superior party exercising power over a subordinate party. This arrangement is typical of simple market mediated exchanges where a buyer is able to rely on contractual terms to enforce performance of the contract by the supplier. By contrast, bi-lateral governance implies that parties subject themselves to each others' governance. By such a governance system, the seller may additionally be able to exercise governance over the buyer through jointly agreed performance standards.

In the sociological literature, a number of attempts have been made to understand the conditions which give rise to bilateral systems of control. The phenomenon has been explained as an inherent property of particular social structures, going to the root of its cultural values (Granovetter 1985; Simon 1991). In social interaction, bi-lateral governance has been seen as a by-product of social similarity (Zucker 1986), or pre-existing familiarity and friendship (Bradach and Eccles 1989; Gambetta 1988). While bi-lateral governance systems have been observed in social relationships, the question has been asked whether such bi-lateral structures can be applied in commercial relationships between parties who possess inherently individual and selfish orientations. This may be achievable through a self-enforcing agreement between the parties (Klein and Leffler 1981; Kreps 1990) or an incentive structure that makes the expected gains from maintaining the relationship greater than the potential short-term gains from

opportunism or defection (Telser 1980). One strategy for creating a self-enforcing agreement is for the parties to make credible commitments to the relationship (Williamson 1983, 1985), for example by investment in dedicated assets (Anderson and Weitz 1992). In bi-lateral governance, commitments can be made by each partner, allowing each the possibility of holding the other "hostage" to deliver their part of an agreement (Heide 1994). Balanced, or symmetrical dependency represents a mutual safeguard (Williamson 1983, 1985) and a collective incentive to maintain the relationship.

The ongoing maintenance of inter-firm governance is likely to be facilitated by a number of conditions. First, an initial system for assigning decision rights among the parties to a relationship must be agreed (Jensen 1983). In operational terms, roles must be specified and allocated to each of the exchange partners (Frazier 1983; Macneil 1978). Furthermore, a bi-lateral governance system requires the development of a planning mechanism by which future contingencies and consequential rights and responsibilities are spelled out (Barney and Ouchi 1986). The governance mechanism should be sufficiently flexible to allow the ongoing relationship to adapt to changing circumstances (Macneil 1978; Wachter and Williamson 1978).

While bi-lateral social relationships can be monitored personally, the monitoring of performance for impersonal inter-organisational relationships becomes more complex (Rubin 1990; Ouchi 1979). Closely linked to a monitoring system is an incentive system which allocates rewards to the parties on the basis of their observed performance levels (Holmstrom and Tirole 1989; Stinchcombe 1985). If incentive systems fail to secure compliance, explicit enforcement systems are required for the maintenance of the relationship (Macaulay 1963; Palay 1984).

3.3 THEORETICAL FRAMEWORKS FOR STUDYING COLLABORATIVE MARKETING

A number of frameworks have been proposed to explain the processes by which inter-organisational collaboration is initiated, developed and maintained. Beginning with early models based on economic efficiency, this section proceeds to review more recent conceptualisations based on resource dependence theory, transaction economics and processes of structural social bonding.

3.3.1 Early analysis of co-operative behaviour

While the study of collaborative marketing is a relatively new subject, there is a substantial body of literature on more general aspects of intra- and inter-organisational co-operation. Much of this takes an economics perspective and is briefly reviewed here.

There is extensive literature relating to co-operation within organisations in the form of workers' co-operatives (e.g. Young and Riggie 1983; Oakeshott 1978; Eccles 1981). A further body of literature addresses co-operation from the perspective of consumers of organisations, reflected in the literature on consumers' co-operatives (Webb 1921; Ostergaard and Halsey 1965). In both of these cases, the basis for discussing the merits of co-operation frequently revolved around issues of philosophy and moral justice, thus one observer commented:

"The three great forces for the improvement of mankind are religion, temperance and co-operation, and as a commercial force, supported and sustained by the other two, co-operation is the grandest, noblest and likely to be successful in the redemption of the industrial classes" (Bonner 1961, p.12).

A third theme of research into organisational co-operation which is relevant to this study focuses on producer co-operatives. It can sometimes be difficult to distinguish a workers' co-operative from a producers' co-operative in industries which are characterised by small scale, self employment. The most relevant body of applied literature on producer co-operatives relates to agricultural co-operatives (e.g. Smith 1983; Bateman, Edwards and LeVay 1979; Baron 1983). These have been important in the agricultural sectors of many countries, where co-operation has provided social and economic benefits to producers. In many countries, governments have actively supported their creation and maintenance as an instrument of social policy which preserves a rural workforce. In the UK during the post-second world war period, the government funded The Central Council (established by the Agriculture Act of 1967) to promote co-operation. Marketing boards were created to represent milk, potatoes, hops and wool, and although set up by government, were effectively controlled by producers.

Agricultural co-operatives dominate the literature on producer co-operatives. This may reflect the political importance attached by governments to supporting sustainable rural employment and the fact that agricultural marketing takes place in a very imperfectly competitive environment. Most developed countries have schemes to support consumer prices with subsidies, while import controls remain on much trade in agricultural products.

Much of the literature on agricultural co-operatives has taken an economics approach based on theories of the firm. Thus in one study (Bateman, Edwards and Le Vay 1979), the objectives of agricultural co-operatives were defined in terms of a number of criteria, including maximisation of membership; maximisation of producers' surplus; and maximisation of net returns per unit. Benefits of co-operation were seen in terms

of lowering marginal costs of production through such means as joint purchasing and sharing of equipment. Sometimes, co-operation was a necessity where members sought to curtail the power of a monopolist supplier. More efficient, collective methods of distribution was seen as a means of raising returns, by reducing wastage, transport and handling costs. Such economic analyses tended to take demand as given, without exploring methods by which co-operatives could deliver greater customer perceived value. Agricultural co-operatives often sought to restrict competition among members, thereby achieving higher selling prices.

While early studies of agricultural co-operation tended to take a production oriented economics approach, there is evidence that a more recent impetus for the development of co-operation has come from external competitive pressures. This is true of growers' need to satisfy the buying criteria of retail grocers who frequently prefer to deal with one large supplier, rather than many individual traders (Knox and White 1991; Dawson and Shaw 1989). The marketing activities of co-operatives have often been extended to include quality control, packaging and distribution in accordance with supermarkets' requirements.

Traditional studies of producer co-operatives are of only limited relevance to the analysis of collaborative tourism marketing associations. Their emphasis on cost reduction through greater efficiency contrasts with tourism marketing associations' focus on the marketing and value-adding benefits of collaboration. More importantly, while the outcomes of collaboration typified by agricultural producer co-operatives can often be quantified and benefits allocated to individual members, this is generally not the case with tourism destination marketing.

3.3.2 Resource dependence theory

The main premise of resource dependence theory is that firms will seek to reduce uncertainty and manage dependence by purposely structuring their exchange relationships by establishing formal or semi-formal links with other firms (Ulrich and Barney 1984). A variety of such links have been suggested, including contracting (Miles, Snow and Pfeffer 1974); joint ventures (Pfeffer and Nowack 1976) and complete merger (Pfeffer 1972). Conceptually, the establishment of an inter-firm link is viewed as dealing with the problems of uncertainty and dependence by deliberately increasing the extent of co-ordination with the relevant set of exchange partners or creating "negotiated environments " (Cyert and March 1963).

Building on early work in social exchange theory (e.g. Emerson 1962; Thibaut and Kelley 1959), resource dependence theory views inter-firm governance as a strategic response to conditions of uncertainty and dependence (Pfeffer and Salanick 1978). Few organisations are internally self-sufficient with respect to their critical resources, thereby creating two potential problems. First, a lack of self-sufficiency creates potential dependence on the parties from whom the focal resources are obtained (Emerson 1962). Second, it introduces uncertainty into a firm's decision making, to the extent that the resource flows are not subject to the firm's control and may not be predicted accurately.

Collaboration and bi-lateral governance implies that parties are prepared to adapt their behaviour in accordance with the needs of their relational partners. Within a commercial context, adaptations may be made by either partner at a behavioural level with regard to basic business procedures, such as inventory management and the dissemination and collection of information, and/or product or process technology (Campbell 1985, Jackson 1985). Adaptation may also occur at a cognitive level, and it has been noted, for example, that one or both parties may adapt their attitudes, values

and goals in order to further the exchange process or enhance a relationship (Moller and Wilson 1988).

The process of adaptation can create dependencies. Organisations that acquire a monopoly over resources are able to establish dependencies over organisations that cannot reciprocate resource exchange. It has been pointed out by Klein, Crawford and Alchain (1978) that transaction specific investments allow one party to opportunistically exploit the captive party to the relationship, unless appropriate safeguards are designed. One important safeguard is vertical integration which gives an organisation control through an employment relationship (Levy 1985).

The general incentive to maintain a relationship can manifest itself in different ways. One specific outcome of symmetric dependence is that parties will have a joint motivation to show forbearance (Buckley and Casson 1988; Williamson 1991) or flexibility in response to changing circumstances. In the absence of symmetrical dependence, an individual party will have little or no incentive to show flexibility, because no guarantee exists that such actions will be reciprocated. In fact, short-term disturbances might represent opportunities for individual parties to pursue opportunistically short-term advantages. However, the existence of symmetric dependence serves to align the respective parties' interests and promotes flexibility as a means of preserving the relationship (Macneil 1978). The effect of creating a condition of symmetric dependence is to put in place an incentive structure that makes opportunism irrational (Bradach and Eccles 1989). As such, relationship behaviour can be observed that resembles altruism, but in reality is based on norm formation rather than true identity with the other party (Bonoma 1976). This implies a "similarity of selfish interests" (Macneil 1981, p1034) and reduces the need for altruism or exogenous norms of co-operation (Axelrod 1984; Gambetta 1988). Bi-lateral governance is facilitated by the development of mutual dependencies.

The following chapter considers specific means by which dependencies are created by collaborators in tourism destination marketing, and the adaptation which this entails among them.

3.3.3 Transaction Cost Analysis approach to collaborative network formation

Transaction Cost theory is a blend of institutional economics and organisational analysis which attracted great attention during the 1980s. The framework has been used to analyse the impact of organisational structure on sales management decisions (Anderson 1985, John and Weitz 1989); buyer-seller relationships (Noordewier, John and Nevin 1990); the structuring of distribution channels (Dwyer and Oh 1988, Heide and John 1988) and market entry decisions (Anderson and Coughlan 1987, Klein, Frazier and Roth 1990). A transaction cost analysis framework presumes that the exchange characteristics associated with certain governance mechanisms impact on an organisation's total costs, and allows for the identification of governance mechanisms which encourage or inhibit exchange relationships.

A basic premise of transaction cost analysis is that organisations internalise those activities that they are able to perform at lower cost and rely on external market providers for those activities in which other providers have an advantage (Williamson 1975). Others have pointed to the trade-off which exists between costs and control (Anderson and Weitz 1983; Céspedes 1988). On the one hand, internalising a particular function is assumed *a priori* to offer superior control opportunities by virtue of the employment relation created. On the other hand, however, the control advantage associated with internal production has to be traded-off against the possible cost efficiency of contracting out to external specialists, who are in a position to achieve economies of scale.

The original framework, as developed by Williamson (1975) views the governance decision as fundamentally a choice between a "market", based on governance through a price mechanism, and a "hierarchy", implying governance through a unified authority structure. Contrary to resource dependence theory, the transaction cost framework explicitly considers the efficiency implications of adopting alternative governance mechanisms. It is commonly assumed that firms seek to minimise the transaction costs that result from dealing with outside suppliers, but this has to be offset against the extent to which firms can exploit economies of scale in producing a service themselves (Rosenbloom 1987). Once a critical mass has been passed, production costs fall rapidly, making internal production appear more attractive compared to the transaction costs associated with external sub-contracting.

A market mechanism can become an inefficient means of mediating exchange, and therefore result in high transaction costs on account of two factors. These are the existence of *transaction specific investments* and *external and internal uncertainty*.

Transaction specific investments have been described by John and Weitz (1988) as the level of specialised assets required to support an exchange and the uncertainty surrounding that exchange. These can result in higher costs in providing relevant contingency plans in the event of internal or external environmental turbulence. The effect of transaction specific investments is to increase the dependency of the investor to the organisation to whom they have committed resources. They form a structural bond which has the effect of reducing freedom of future exchange relationships. Transaction specific investments are discussed further below within the context of structural and social bonds.

External and internal uncertainty is a property of the decision environment within which exchange takes place. Usually, the possible contingencies are too numerous or volatile to be predicted before agreement to a contract, therefore a potential adaptation problem exists (Rubin 1990). Mechanisms must be put into place which allow adjustments to be made as events develop. Environmental uncertainty or performance ambiguity poses an evaluation problem in ascertaining whether contractual compliance has taken place (Alchian and Demsetz 1972). It is suggested that bilateral governance is highly efficient at monitoring performance under conditions of environmental uncertainty (Noordewier, John and Nevin 1990).

A transaction cost analysis framework can be applied to collaborative marketing alliances which allow one member of an alliance to buy in competencies from other firms, in return for which they supply their own competencies to other members which lack them. This is presumed to be more cost effective than each firm seeking to develop their own competencies in all areas. Competencies can refer to access to markets, technological resources, financial resources etc. Alliances make sense for firms dealing with rapidly changing products and markets, allowing each member to contribute their own expertise in terms of technical and market knowledge.

Although a transaction cost analysis framework has been widely used in the marketing literature and its proponents have claimed it to be of universal applicability, it has been subject to considerable criticism. Such criticisms are especially relevant in the context of collaborative marketing alliances. An assumption of transaction cost analysis is that parties to a transaction are motivated solely by opportunistic self-interest, for example in the manner that information is distorted. Imperfect information may give opportunistic firms an advantage in their dealings with other firms. An inherent assumption of collaborative marketing relationships is that their development signals the gaining of mutual trust which removes the perceived opportunities for such

opportunistic behaviour. It has been argued that transaction cost analysis has failed to account for the social structures within which exchange is embedded (Granovetter 1985) and has over-emphasised the ability of hierarchical mechanisms to govern relationships (Maitland, Bryson and Van de Ven 1985).

Transaction cost theory has tended to focus on situations involving complete forward or backward integration. In such situations, common ownership of the exchange partners provides a basis for implementing and enforcing a variety of administrative mechanisms, which in turn act to safeguard transaction specific assets. In relationships between independent companies, the ability to structure a relationship in accordance with transaction cost prescriptions may not be readily available. Although the original framework presented the governance decision as a discrete choice between spot-market transactions and complete vertical integration, attempts have been made to extend the framework to analyse intermediate situations, for example franchise relationships (Grossman and Hart 1986).

3.3.4 Structural bonding

Another approach to inter-organisational collaboration is to see it as a process by which one party seeks to restrict the future choices of the other through structural bonds. Structural bonds have been defined by Turnbull and Wilson (1989) in terms of investments that cannot be retrieved when a relationship ends, or where it is difficult to end the relationship due to the complexity and cost of changing relational partners. Such ties may be asymmetric. Structural bonds can arise through a series of legal, economic, technological, geographical and time bonds (Liljander and Strandvik 1995). The concept of a structural bond combines elements of transaction cost analysis with resource dependency theory by focusing on the requirements of parties to reduce their

level of environmental uncertainty through exchange of competencies, while recognising the mutual dependency which this creates.

Simply stated, a structural bond between partners makes it difficult for them to exchange partners. They are locked into a relationship because the costs involved in making a break cannot be justified. The structural bond which supported the relationship can therefore become a barrier to exit and each partner is trapped in a relationship from which it may prefer to be extricated. Turnbull and Wilson (1989) view the establishment of structural and social bonds as important for the long-term health of commercial relationships as they "bind those important partners to you and create substantial barriers to competition". Jackson (1985) also suggests that long-term relationships between industrial buyers and sellers can be established where the sellers design their products and services so as to reduce the switching costs that customers will face if they stay with that seller.

The existence of structural bonds can be conceptualised as being the result of three forces: transaction specific investments, switching costs and partnering.

Transaction specific investments are those which are devoted to a particular relationship and involve sunk costs that would be non-recoverable in the event of the termination of a relationship. It has been pointed out by Klein, Crawford and Alchain (1978) that transaction specific investments allow one party to opportunistically exploit the captive party to the relationship, unless appropriate safeguards are designed, for example through vertical integration which gives an organisation control through an employment relationship (Levy 1985).

In addition to the economic bonds which are created between partners, sunk costs have the potential for creating effects on a partner's commitment to a relationship at an

affective level (Dick 1991). This commitment may be contrary to apparent economic rationality, as where customers of a theatre who had paid for a membership scheme were observed to subsequently buy more tickets than individuals who had been given an identical membership scheme free of charge. The sunk cost incurred by the former group had influenced their behaviour (Arkes and Blumer 1992).

Switching costs have the effect of making it less expensive for an organisation to continue dealing with its existing relational partner, rather than seeking new exchange partners. Porter (1980, p10) defined switching costs as the "one time costs facing the buyer of switching from one supplier's product to another". Switching costs as a structural bond can be integrated with the concept of transaction costs (Williamson 1975) and there are numerous methods, discussed below, which have been used by members of a network to increase the costs of switching partners.

Developing switching costs is a common strategy to increase loyalty in business to business markets. Frequently, switching costs represent idiosyncratic investments in a specific vendor's product such as software that will only run on a particular type of computer. Investment in training to use a vendor's equipment may be required and the skills gained may not be directly transferable to equipment performing the same function supplied by other vendors (Porter 1980). Switching costs also appear where buyers need to make elemental purchases integral to an overall system; when relatively large start-up costs are a required part of a series of purchases (e.g. joining fees); or where continuing purchases are rewarded with an escalating accrual of resources (e.g. frequent buyer programmes). An ongoing relationship can have the effect of giving customers preferential treatment, or semi-automatic responses to requests for service (Marshall, Palmer and Weisbart 1979), thereby increasing the costs of switching to alternative suppliers. In some cases, penalties for breaching a long term supply agreement may quantify the switching costs of seeking a new supplier. Within the

commercial banking sector, it has been noted that one means by which banks increase their retention rate is to increase switching costs by such means as long-term mortgages with penalties for early closure (Perrien, Filiatrault and Ricard 1992).

Switching costs are also common in many sectors of the tourism industry, for example airlines' and hotels' loyalty schemes can have the effect of introducing a hidden cost for an individual switching to a new provider. Hotels which belong to a centralised reservation system may face considerable switching costs if they seek to use alternative systems.

In addition to quantifiable monetary costs, switching costs may also be psychological in nature, such as the frustration that may arise from learning how to operate new systems (Porter 1980).

Partnering as a concept is a more constructive way of viewing the switching costs of leaving a relationship. While much analysis of switching costs has seen the process of creating structural bonds as one of creating dependency by an often essentially non-consenting buyer, they can also be viewed more positively as frameworks for mutual co-operation (Hakansson and Ostberg 1975; Cunningham and Turnbull 1982). It has been argued by Han, Wilson and Dant (1993) that structural bonds can be created through mutually rewarding co-operation based upon bi-lateral governance. They see close relationships not as barriers to exit, but as part of a strategy of "partnering". This typically involves single source suppliers, resulting in benefits of enhanced performance, lower purchasing costs and increased technical co-operation. In their study, the most successful buyer-seller relationships were characterised by mutual trust between buyers and sellers, based upon exchange of information and continued commitment and satisfactory performance of the partners' respective roles.

3.3.5 Social bonding

It was noted in the previous chapter that an important component of marketing exchange is sociality. Interpersonal contacts have been considered to be critical in the establishment of close, long-term relationships (Bonoma and Johnson 1978, Hakansson and Ostberg 1975, Campbell 1985, Cunningham and Turnbull 1982, Swan, Trawick and Silva 1985), facilitating communication and joint problem solving. Personal relationships between members of organisations help to build mutual trust which serves as a risk reduction mechanism (Hakansson and Ostberg 1975, Cunningham and Homse 1986, Ford 1981). Behavioural theories of the firm stress that individuals within organisations supplement organisational goals with their own personal goals which may be social in nature (Cyert and March 1963). The desire to maintain friendly ongoing personal relationships with trading partners can represent important personal goals.

An important outcome of inter-organisational social exchange is the development of norms of behaviour (Heide and John 1992). Norms can be defined as expectations about behaviour that are shared by a group of decision makers (Gibbs 1981, Moch and Seashore 1981). Norms may apply to entire cultures, particular industries, within particular firms or between groups of individuals (Scherer 1980, Bettenhausen and Murningham 1985). In the context of inter-organisational exchange, norms have been considered to be important in governing exchange behaviour (Shapiro 1987, Stinchcombe 1986).

A distinction has been made between discrete and relational norms (Macneil 1980). The former comprise expectations about an individual or competitive interaction between exchange partners where each party is expected to remain autonomous and to pursue strategies aimed toward the attainment of their individual goals. By contrast,

relational exchange norms are based on the recognition of mutual interest, setting norms that add to the quality of the relationship as a whole. It has been pointed out that inter-organisational alliances may fail where the differing cultural backgrounds of the alliance's members prevents the development of agreed social norms. Much attention has been given to the differences in cultural values which can occur in alliances which draw membership from both the public and private sectors, something which is common in public-private sector tourism marketing organisations (Rainey 1983, Ring and Perry 1985). Pre-conceived stereotypes of the party can inhibit the development of joint problem solving activity, for example in the way private sector members may perceive public sector collaborators as being over paid and underworked. Team building to gain shared values facilitates the effectiveness of the partnership.

The development of relational norms among members of a collaborative marketing association can be most effectively developed where organisations assign staff to the association who are of similar status. Furthermore, commitment to the association from the senior management of collaborators has been seen as crucial (Ackerman and Bower 1976, Murray 1976). If a partner only assigns junior staff to the collaboration, this may be seen as a lack of commitment by other partners who send more senior staff. If junior staff have only limited decision making power, the momentum of the collaboration may be delayed by the need to refer decisions back to the partner institutions for approval.

3.3.6 Systems approaches to understanding marketing relationships

A system is an association of interrelated and interdependent parts. Systems analysis as a discipline was originally developed as an aid to studying military logistics, but has since found application in a number of commercial areas, for example organisational

behaviour. A systems viewpoint of management represents an approach to solving problems by diagnosing them within a framework of the system's inputs, transformation processes and outputs, in the light of feedback (Poole and Van De Ven 1989).

While there has been much analysis of the internal working of organisations in terms of systems models, more recently these have been extended to include external organisations within a system. Most importantly, where organisations collaborate closely, it is unrealistic to expect the only mediating communication between the organisations to be conducted narrowly through marketing/ buying functions. Contact is more likely to occur at a variety of functional levels, for example between research and development engineers, operations managers and accountants. Very often, a functional specialist in one organisation will develop close relationships with a very different functional specialist in another organisation. Where close multi-functional relationships between organisations are the norm, it is more realistic to look at organisations as series of networks rather than hierarchies. Within networks, sub-systems drawn from individuals within a number of organisations may develop to perform a task.

Extended network organisations are at an early stage of development and a number of attempts have been made to try and develop models, based loosely on systems approaches (Achrol 1991; Quinn 1992). The network rationale is that a single organisation is unable, or unwilling to cope with the complexity and risks of their environment and similarly unable or unwilling to meet the skill and resource demands essential for competing in global markets (Cravens et al 1993). Members of the network are not completely dependent on each other, as organisations remain independent along certain dimensions of the relationship. Each partner contributes some part of its core competence that others need, but which it does not have available

internally. The core competencies may be access to a market, technology, qualified personnel, or other skills. Trust is important to the success of the relationship, as each partner is giving the other access to its core competencies. Very often, two or more organisations may co-operate in some sub-systems of a network, but find themselves competing in other subsystems. For example, the engineering functions of a number of airlines may collaborate on their engineering activities, but remain fiercely competitive in attracting customers to their airline. It follows that trust is an essential element of a network relationship.

A number of attempts have been made to classify the types of inter-organisational networks. Two important determinants of network form are the volatility of environmental change and the type of relationship that exists between network members (Achrol 1991; Quinn 1992). The volatility of environmental change affects how organisations decide to collaborate (Achrol 1991). Volatility increases risk and in such circumstances, organisations need a flexible and adaptable internal structure, which can facilitate flexible and rapid change in external relationships. The *types* of network relationship range from highly collaborative links to transactional links. The latter implies a loose governance framework within which exchanges continue to be bargained on an individual basis. By contrast, collaborative links may involve various forms of inter-organisational co-operation and partnership, as illustrated by formal alliances or joint ventures (Webster 1992). A synthesis of these dimensions into four ideal-type network organisations has been proposed by Cravens and Piercy (1994). Taking these two dimensions of network characteristics, they describe a matrix of four alternative types of network: flexible networks; virtual networks; hollow networks and value-added networks (Figure 3.1). A brief review of these types of network organisations is a useful basis for considering, in the following chapter, the forms that tourism marketing associations can take.

		Environmental volatility	
		High	Low
Network Relation- ships	Collaborative	Flexible network	Virtual network
	Transactional	Hollow network	Value- added network

Figure 3.1 A classification of extended network organisations
(based on Cravens and Piercy (1994))

The *hollow network* is a transaction-based organisational form found in highly volatile environments. It is managed by a small staff located within the core organisation. Because of this group's limited (or hollow) internal capabilities, the core organisation draws heavily from other organisations in the network. It is appropriate for use in highly segmented markets where a network of related organisations can each differentiate a core product for final delivery to consumers (Achrol 1991). A sophisticated management information system is an important co-ordinating mechanism for managing hollow networks, in which the core network member takes on the role of an information broker.

The *flexible network* is also found in environments of great volatility, but is characterised by long-term collaborative links, although relationships with end-users are likely to be transactional rather than collaborative. The network co-ordinator is likely to be an entrepreneur whose team identifies customer needs, designs products

and establishes sources of supply. This organisation is able to respond rapidly to changes in its environment by creating a stream of new products to satisfy the diversity of customer requirements. The co-ordinating company is able to leverage its expertise by linking itself with an array of other companies in the network.

Value added networks typically operate in stable environments and are characterised by transactional exchanges between network members. Members of this type of network are aligned in such a way that they add value to production processes through their specialised core competencies.

Virtual networks can be regarded as the most fully developed form of network. It involves organisations having relationships with one another at a number of levels, in addition to those that traditionally occur between marketing functions and buying functions. In this way, the links between a tour operator and its hotel suppliers may involve multiple links between the two organisations' operations, finance and personnel functions, supplementing a reduced role for the buying-marketing function interface. The network is created by members with a long term perspective and with the expectation that it can adapt to meet limited volatility in its environment. Both vertical and horizontal relationships may be employed in a virtual network.

The increasingly multi-functional collaborative relationships between organisations has resulted in organisations having "fuzzy" boundaries, leading to "seamless" inter-organisational collaboration (Gummesson 1994). Gummesson uses the term "Imaginary Organisation" to refer to the fact that networks are not tangible objects, but social constructs comprising people, activities and thoughts that are not limited to one specific location. Similar conceptualisations of this type of organisation have been made by Davidow and Malone (1992) who talk about the "virtual corporation" with an emphasis on the role played by information technology; Handy (1990), who talks about

the "shamrock organisation" which includes full-time employees, part-time and temporary employees, suppliers and customers in which the virtual corporation is a federation of groups based on intelligence, information and ideas; Mills (1991) talks about the cluster organisation which is shaped by clusters of teams.

It is possible that tourism destination marketing can take place not within a formally constituted association, but within a framework of extended network relationships. This implies a loose system of governance between collaborators.

Taking a systems perspective, the networks described above will only be consensually created and maintained if the network is better able than any alternative organisational form of allowing survival in its environment. In some circumstances, networks could be created by government order and survival would be dependent upon the network being able to satisfy the needs of legislators who created it. This may have been true in a centrally planned economy, as existed in eastern Europe, as well as some government provided services in the UK, such as the National Health Service. With strong political support, networks of organisations could persist despite the unwillingness of members and the hostility of the external environment. Where political mandate is not the basis for a collaborative network, the factors that help create and sustain the network are more complex.

3.4 DEVELOPING A TAXONOMY OF CO-MARKETING ALLIANCE TYPES

This chapter opened with the observation that collaborative marketing relationships between organisations can take a number of forms. An attempt to classify collaborative marketing alliances has been made by Terpstra and Simonin (1993), based on a synthesis of the work of a number of researchers (Porter and Fuller 1986, Ohmae

1989, Bleeke and Ernst 1991). They identified four distinguishing characteristics of an alliance: its *form*, *motive*, *coverage*, and *mode*. These four perspectives are briefly reviewed here and returned to in the following chapter where they provide a basis for classifying different types of tourism marketing associations.

The previous section reviewed a number of forms that collaborative networks can take. The **form** of an association may show a number of levels of development (Terpstra and Simonin 1993). The least developed form is a non-equity agreement, in which members agree on methods of operation, joint promotion etc. which are to their mutual benefit, but their financial independence is maintained. A more developed alliance is the joint venture, in which two or more members collaborate on a specific project. While members retain their financial independence, the alliance may involve investing in a "child" project, or agreeing to exchange resources. The most evolved form of collaborative marketing occurs where two or more members buy an equity stake in other collaborators, increasing the financial dependency of members to each other.

Motives refer to the underlying reason for the creation of an alliance. Alliances come about for a number of reasons, including a desire to internalise the core competencies of other alliance members, achieving economies in advertising and intelligence gathering, the joint development of new facilities and making a stronger case for the acquisition of resources.

Alliances can develop as a result of a legal mandate (Raelin 1980), which may itself result from social pressure. In some instances, a perceived crisis may facilitate the process of coalition formation, as where the closure of a major manufacturing industry prompts government to create a new agency (Fosler and Berger 1982, Gricar and Brown 1981). The motivation for creating a collaborative marketing alliance is likely

to be greatest where opportunities are perceived as being available within a competitive environment.

Coverage refers to the extensiveness of an alliance in terms of its functional competencies and geographical coverage (Bleeke and Ernst 1991). Simple alliances confine their shared activities to narrow product/market areas, specific areas of marketing mix activity (e.g. advertising) or close geographic areas.

A mature co-marketing alliance is one that maximises the control its members are able to exercise over their environment. Where competitive product areas are excluded from the activities of the alliance, the control which members of the alliance are able to exercise over their environment is lessened. Control is also lessened by restricting the alliance's activity to narrowly specified marketing functions.

A constraint on the development of coverage is the possibility of anti-trust legislation being invoked against a horizontal alliance which is able to control its environment in such a way that the choice available to customers is restricted.

The **mode** of an alliance describes the intrinsic nature of the relationship between members (Terpstra and Simonin 1993). This refers to the manner of dealings between individuals; the formality or informality of personal relationships and the seniority of individuals assigned to a collaborative venture (Ackerman and Bower 1976, Murray 1976). A crucial role is played by an identifiable "convenor" who has the authority and status to bring key collaborators together.

3.5 ASSESSING THE EFFECTIVENESS OF COLLABORATIVE MARKETING ALLIANCES

Any attempt to assess the effectiveness of a collaborative marketing alliance must begin by considering what goals performance should be assessed against. Efficiency and effectiveness are two fundamental ways of measuring performance.

Efficiency can be defined in terms of an organisation's success in turning inputs into outputs, while effectiveness is the level of success in producing a desired result. An efficient business cannot succeed if it is efficient at doing the wrong things - i.e. it is ineffective. Organisational effectiveness can be measured using the goal model approach or the systems resource approach (Anthony 1988). The former is expressed in terms of the extent to which specified goals are surpassed, while the latter approach defines effectiveness as the degree to which an organisation is successful in acquiring and utilising scarce resources. More effective organisations survive because they can maintain a greater intake of resources than is required to produce their output.

The simplest method of assessing the effectiveness of a collaborative marketing association is to judge the extent to which achieved outcomes meet the formal objectives of the association. However, this approach poses a number of issues. The "problem" which the association is designed to tackle may be perceived differently by each of the parties, and the formal goals of the association may represent a poor compromise for certain members. The most important goal for measuring performance should therefore be seen as members' own goals rather than the association's formally stated goals. The process of goal compromise may also result in many collective goals being left as general statements of direction rather than precisely specified objectives.

A second problem in assessing the effectiveness of a collaborative association is that it can be difficult to isolate the effects of collaborative action from other environmental factors which might have contributed to success or failure, as well as the actions of the collaborators which were undertaken outside the context of the partnership.

Problems of operationalising measures of effectiveness are discussed further in Chapter 5.

3.6 SUMMARY

One of the characteristics of ongoing exchange relationships is a temporal gap between the promise of performance and actual delivery. Appropriate governance mechanisms are therefore necessary to ensure that one party is not able to exploit a relationship where it may be possible to avoid performance of a promise. Governance mechanisms are a more important issue with relational than transactional exchange, as in the latter case, promise and performance are assumed to be simultaneous, thereby avoiding the need for governance of promise fulfilment. This chapter has reviewed formal and informal approaches to governing ongoing relationships. It will be argued in the following chapter that informal governance mechanisms are particularly important in the marketing of tourism destinations.

Style of governance is returned to in Chapter 5 as a hypothetical antecedent factor in a model to explain the effectiveness of collaborative marketing organisations where the focal product is poorly defined and there are significant levels of externalities.

CHAPTER FOUR

TOURISM DESTINATION MARKETING

4.1 INTRODUCTION

The previous chapters have developed a theory base for understanding collaborative marketing organisations. The following chapter synthesises this theory into a testable model which relates specifically to collaborative marketing organisations where the focal product is poorly defined and there are significant externalities. Prior to such synthesis, this chapter reviews the characteristics of tourism destinations, whose marketing forms the application in which a theoretical model is tested.

Collaborative marketing organisations have found frequent application in the field of tourism destination marketing. The purpose of this chapter is to examine the nature of tourism destination marketing and, in particular, the factors that have resulted in the creation of collaborative marketing associations. The theory developed in Chapters 2

and 3 will be interpreted in the context of tourism destination marketing, prior to the specification in the following chapter of research hypotheses relating to the effectiveness of collaborative marketing in this sector.

This chapter will begin by examining some definitions of tourism and tourism destinations. Following this, the nature of the tourism destination "product" to be marketed will be examined and a brief overview made of tourists' motives for visiting a particular destination. The principal stakeholders involved in tourism destination marketing will be identified, and the benefits which they each seek to obtain from collaboration. Particular attention will be paid to the role of public and private sector organisations collaborating in order to share competencies which the other lacks. Using the framework developed in Chapter 2, collaborative tourism associations in the United Kingdom will be classified according to their form, motive, coverage and mode.

4.2 DEFINING TOURISM

The analysis in subsequent chapters focuses on the attempts of collaborative marketing associations to attract increased levels of business from tourism related activities. It is necessary, therefore, to have some understanding of what is meant by tourism and who constitutes a tourist.

A variety of definitions of tourism exist and this is reflected in discrepancies between statistical series. Definitions tend to agree that tourism is an activity engaged in by people who travel. Precise definitions of which travellers become tourists revolve around three defining characteristics of travellers:

- i. the purpose of their journey

- ii. the length of time that they spend away from home
- iii. the distance they travel from home

Earliest definitions of tourists concentrated on international tourists. Thus, the League of Nations in 1937 defined a "foreign tourist" as "any person visiting a country, other than that in which he usually resides, for a period of at least 24 hours".

This remained the acknowledged definition of a tourist until 1950, when the International Union of Official Travel Organizations (IUOTO), which later became the World Travel Organization, defined two additional groups - "excursionists" and "transit" travellers, who were seen as distinct from the definition of tourists. The former comprised travellers staying in an overseas country for less than 24 hours, while the latter comprised travellers who made breaks in their journey for non-tourism purposes.

A further refinement in accepted definitions was made in 1978 when the United Nations Department of Economic and Social Affairs published guidelines that defined an international visitor as somebody who visited a given country from abroad for a maximum of one year.

Today, most countries have accepted the World Tourism Organization's classification of travellers. Rather than define tourists in a homogenous manner, the WTO classifies tourists into a number of categories. Briefly, its interpretation of an international tourist is somebody who spends at least one night, but no more than one year in a country other than his or her own. The tourist can be there for a number of reasons, but not for paid employment. A traveller who meets these criteria but does not stay overnight is considered to be an excursionist (Figure 4.1).

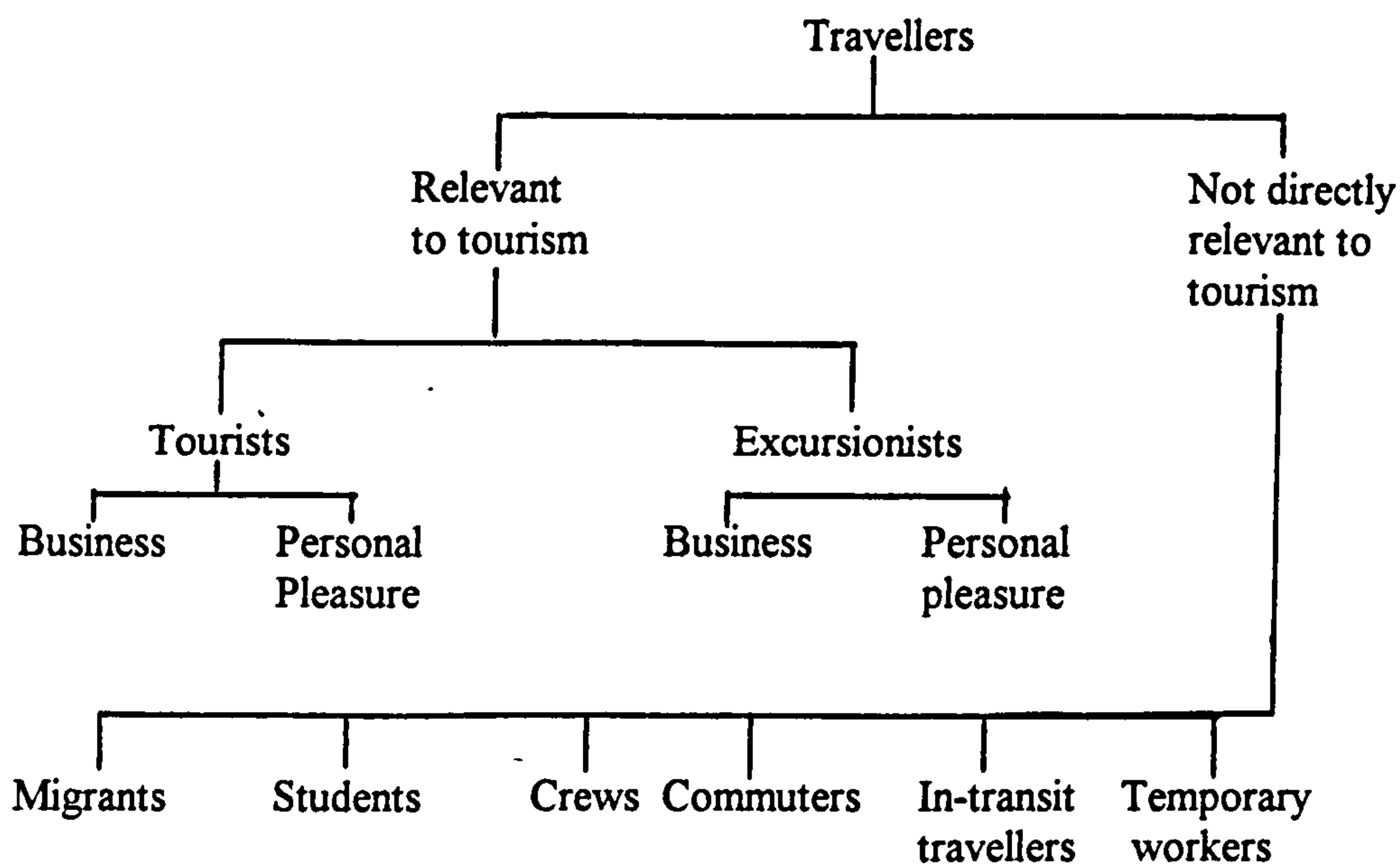


Figure 4.1 Classification of travellers, based on World Tourism Organization (as modified by Mill and Morrison 1985, p100)

Initial attempts to define tourists concentrated on international travellers. More recently, interest in collecting statistical information about the number of tourists whose origin and destination lie within the same country has led to a parallel debate on defining a domestic tourist.

The World Tourism Organization has proposed that a "domestic tourist" is any person residing within a country, irrespective of nationality, travelling to a place other than his or her usual residence for a period of not less than 24 hours or one night for a purpose other than the exercise of a remunerated activity in the place visited. Within its definition of non-remunerated activity it included recreation, holidays, health, studies, religion, sports, visiting friends and relations and attending mission meetings. The

WTO defined a domestic excursionist as someone who meets the definition of a tourist, except that they do not stay overnight.

In many cases, targets of tourism destination marketing may not be tourists at all, as defined above, but excursionists. Shoppers visiting an area may be classified as excursionists, and while their overall economic impact may not be as great as a tourist who stays overnight, they may be crucial to some members of a collaborative tourism association.

Finally, travel which is part of a person's paid employment is generally excluded from definitions of tourism, but can nevertheless provide important benefits to members of a tourism association in the form of conferences. Although the main purpose of such meetings is business or educational in nature, meetings also provide opportunities for combining business and pleasure. Many members' businesses, such as hotels target both business travellers and leisure tourists (for example, hotels frequently target business customers during the week, but leisure ones at weekends).

The WTO definitions of international and domestic tourists make it clear that tourism does not comprise a homogenous group of activities, nor do tourists represent a homogeneous group of people. It follows that tourism destination marketing can involve targeting an imprecisely defined segment of the population. Furthermore, members of a collaborative association seeking to attract more tourists to an area may disagree on who should be included in the association's target market. A hotel operator, for example, may not be interested in tourists who stay with friends and relatives, whereas this group may be highly sought by operators of visitor attractions.

Although tourists' motivation for travelling is considered below, it is useful to notice at this stage that tourists can be classified according to their underlying reason for travel.

For personal travellers, a distinction can be made between tourism which is seen as a necessity and that which is seen as an optional luxury. Travel for study and religion, and to visit friends and relations, often carries a degree of obligation on the part of the traveller. Tourists making a trip for these reasons may treat their purchase as satisfying basic needs, whereas a beach or mountain holiday is often thought of as a more discretionary item in a consumer's budget. The latter type of tourism could be expected to be more income elastic than the former.

A distinction was made earlier between personal tourism and business tourism. It is difficult to determine when business travel should be considered to be tourism, but where there is a significant tourism element, its manifestations can be quite different compared to personal tourism. Whereas recreational travel and visits to friends and relations can be seen as a form of final demand, business travel is mostly a derived demand. Business travel decisions are largely institutionalised and constrained by organisational factors. One growing form of business tourism is often referred to as incentive travel. Incentive travellers have distinctive characteristics, in that while their travel is purchased as business travel, it is normally given to an organisation's employees as a reward. Such groups tend to have a high per capita expenditure.

4.2.1 Assessing the impact of tourism on tourism destinations

The marketing of places as tourism destinations is becoming an increasingly important area of marketing activity. As economies develop, the proportion of GDP spent on tourism related activities tends to rise and can create significant local multiplier benefits. The World Tourism Organisation has estimated that tourism - loosely defined - accounts for about 3.4% of GDP in the United Kingdom and 4.6% of GDP in the USA, and that the tourism will account for 8% of world GDP by 2010 (World Tourism Association, 1995). The OECD has estimated that within member countries,

each \$1 billion of additional tourism spending creates 33,000 new jobs through a multiplier effect. As an instrument of local economic development, tourism expenditure has been increasingly replacing the traditional role played by manufacturing industry. Many public bodies have therefore been keen to promote inward tourism as a means of generating local prosperity. An increase in incoming tourism can enable public authorities to achieve a variety of social objectives, such as creating employment or improving the physical environment of an area. As more areas have recognised the potential of tourism, competitive pressure to attract tourists has increased.

The existence of external benefits has resulted in public sector participation in tourism marketing associations. However, the financial contribution of public sector organisations has spurred the need to develop a methodology for assessing the external multiplier benefits of their expenditure. At a local level, a number of methodologies have been developed to assess the multiplier benefits of tourism (Archer 1989; Holloway 1989; Murphy-1985; Frechtling 1987).

Studies of the economic impact of tourism often focus on a destination and estimate the total expenditures of tourists in that area. However, policy makers are sometimes interested in the economic impacts that are generated by a single tourist activity (e.g. sports activities) or a single tourism resource (e.g. a convention centre), or a particular type of tourist (e.g. tourists from overseas) (Liu and Var 1982; Var and Quayson 1985; Johnson and Moore 1993). In order to accurately estimate the economic impact of a specific tourism resource, it is necessary to know the level of final demand expenditure which is associated solely with that tourism activity. Estimates of the economic impacts of specific tourism resources often rely on reported trip expenditures to calculate these resulting increases in final demand (Fesenmaier et al 1989; Loomis 1989). These changes in final consumer demand represent the direct impacts of the initial spending on that particular tourism resource. Indirect impacts

occur when the businesses receiving the initial spending in turn purchase inputs, such as labour and materials in the local community. Induced impacts occur when households which have received the original wages subsequently make purchases for themselves in the local economy. These indirect and induced effects can be estimated through the use of input-output or other regional economic models (Dean et al 1978; Miller and Blair 1985; Stoll, Bergstrom and Jones 1988). Unfortunately, such models tend only to work at a very general level, and reported tourism data are not usually in an appropriate form to assess the impacts of specific tourism activities or resources. Problems encountered when using reported trip expenditures included dividing total trip expenditures into those spent inside and outside the impact region (Long and Perdue 1990; Stevens and Rose 1985); determining how much of multiple-destination trips are devoted to the tourism resource of interest (Chappelle 1985); and determining whether local expenditures on the tourism resource represent import substitution. An alternative to input-output models include difference models (Smith 1989). The latter assesses local community buying power and compares this with actual local total expenditure, attributing the difference to expenditure by tourists.

A number of econometric models have been developed to forecast future tourism flows. While such models have had some success in predicting international tourism flows at a very aggregate level, they have been less effective at predicting domestic flows. It has also been argued that such models are essentially explanatory rather than predictive and generally only take account of a limited number of relevant variables (Witt and Martin 1987; Bull 1991)

In practice, researchers have found a range of values for tourism multipliers from virtually zero to over 2.0. The range of multipliers found reflects differences in methodology as well as differences in the local marginal propensity to consume and the ability of tourism inputs to be provided locally. A local economy which is not

economically diversified may be unable to capitalise on opportunities to supply the tourism sector, hence its local tourism multiplier will be low (Burkart and Medlik 1981).

4.3 THE NATURE OF THE TOURISM DESTINATION PRODUCT

A tourism destination is a highly complex product to market. Potential visitors to a destination evaluate not only the individual components of the offer, but also the manner in which they are combined to create a coherent product offer. Components may typically include the presence of historic buildings, a good range of hotels or restaurants, favourable weather, easy access by road or rail and the historical and cultural associations of the area. For some visitors, one of these factors alone may be an overpowering factor in a decision whether to visit the area. For example, the presence of the opera house at Glyndbourne may be the overriding reason for some opera followers visiting the town, regardless of the presence of a range of hotels or restaurants.

In some cases, the presence of a unique quality may attract large numbers of visitors who cannot be comfortably handled by the available infrastructure. Such areas are often referred to as "honeypots" and include historic city areas such as Bath and Chester and areas of outstanding natural beauty such as Snowdonia and the English Lake District. In such areas, there is often a need to manage and restrict tourist numbers, rather than seeking to attract further visitors. Where promotion is undertaken, it is usually directed at attracting high spending segments who contribute most to the local community, while incurring relatively few costs. For this reason, little may be done to encourage casual day trip visitors during peak periods, whereas a lot of effort may be assigned to attracting off-peak visitors who stay overnight.

Some writers have used the terms "resource-basis" and "user-orientation" to identify elements of the tourism destination product (Burkart and Medlik 1981). Resource based products are those unique attractions created by nature or historical activity, whereas user-oriented ones are more widely spread and likely to have been created specifically as tourist attractions.

Many crucial resource based components of the tourism destination product comprise non-tradeable items. For example, in a survey of international tourists, Goodrich (1977) identified scenic beauty and the pleasant attitude of local residents as the most important characteristics (from a list of 11) of their trip. Other non-tradeable items include climate, the cleanliness of streets and the historical and cultural associations of the area. Although markets do not exist through which these elements can be valued, they nevertheless have value in use by consumers. Income flowing to the local community from these non-tradeable items has been likened to the stream of income produced by commercial, productive assets (Gray 1982). Consumers receive a surplus when they benefit from such free facilities and in the absence of market forces, many researchers have attempted to attribute them with a value through the calculation of shadow prices (Smith 1989).

A number of approaches to determining shadow prices have been proposed. A shadow price can be derived by asking consumers hypothetically how much they would be prepared to pay in order to receive these benefits (Smith 1989). The weakness of this approach is that the question assumes that all other tourism destinations remain free and different shadow prices would arise if tourists were presented with choices where pricing was the norm rather than the exception. An alternative approach which has been suggested is to measure the amount of money that people spend in order to reach a destination (Holloway 1989). This is an indirect measure, and makes many assumptions that make it poorly applicable at a local level (for example, the marginal

cost of a visit to a side attraction in an overseas country may be quite marginal after the major cost of the overseas air fare has been paid).

4.3.1 Tourism destination lifecycles

It has been suggested that, in common with most products, tourism destinations go through some form of product life cycle (Figure 4.2). Plog has argued that destinations have a life cycle as they go through a process of appealing to different segments of the market (Plog 1974). As a new destination is discovered, it appeals to "allocentrics", who are self-confident, frequent travellers who prefer destinations that are uncrowded and where they can seek out experiences that are novel. They are interested in meeting people and exploring new cultures. As word of the destination spreads, more tourists are attracted, thereby destroying the characteristics that allocentrics seek. This next wave of tourists are described as near allocentrics and remain interested in the culture of a destination, but demand more services. As increasing numbers of tourists visit an area, the allocentrics move on to discover new destinations. Those who visit the destination in increasing numbers are described as mid-centrics, for whom more and more of the familiar is desired. At this point, the growth in numbers carries threats for the future of the area as a tourist destination. Left unchecked, destination areas can begin to appeal to psychocentrics who are unsure of themselves and have relatively low socio-economic status. They do not travel much and seek familiarity in the destinations they choose. As more development occurs, the destination resembles more closely the area of tourists' residence. By this stage, the destination has reached a maturity stage in the product life cycle and has ceased to appeal to mid-centrics. Growth in tourist numbers has slowed down and, left unchecked, may actually go into decline.

Tourism assets are generally immobile, and may depreciate like other assets if they are not maintained. Depreciation may be physical, but can also refer to intangible depreciation in the reputation of a destination, caused, for example, by congestion, overpricing, or hostility from local residents (Gray 1982).

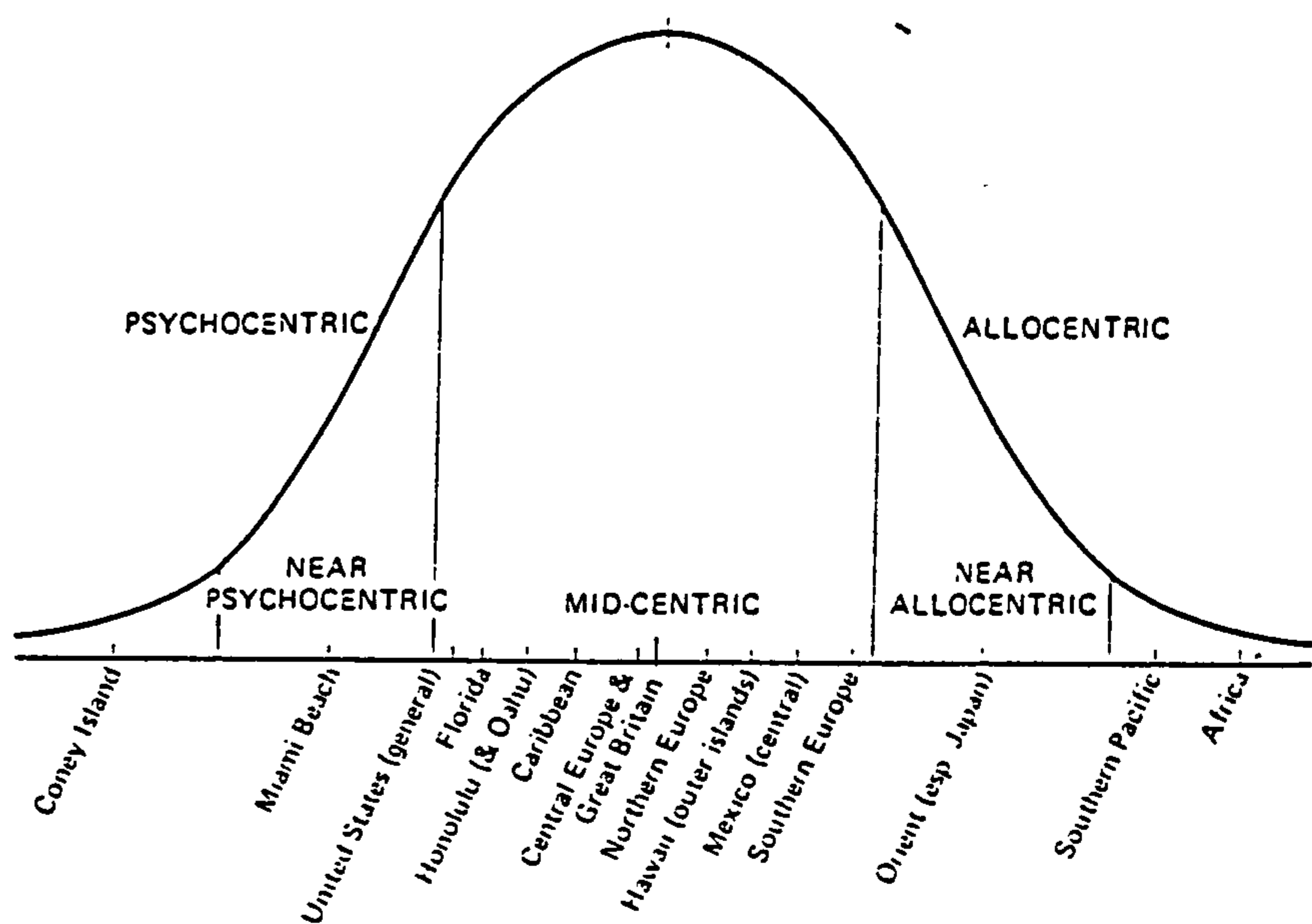


Figure 4.2 A Life Cycle Analysis of Tourism Destinations
(based on Plog 1974, p 14)

The complexity of the tourism destination as a product is considered in more detail below in the context of the diversity of organisations who are responsible for producing component parts of the total product.

4.3.2 Consumer evaluation processes

Before analysing the activities of organisations seeking to market a tourist destination, it is necessary to consider the processes by which potential tourists evaluate a destination. Without such a prior understanding, tourism destination marketing, whether individually-based or collaborative, may prove to be futile.

The selection by personal and business tourists of a destination to visit from among a range of competing destinations involves a complex set of inter-related economic, sociological and psychological considerations. The complexity and length of time involved in making a choice has resulted in a number of attempts to model the stages involved in this evaluatory process (Cohen 1984; Pearce 1982). In the related field of recreation, Clawson and Knetsch (1984) proposed a conceptual framework of five phases. This has been adapted by Fridgen (1984) for application to tourism. The five phases identified by Fridgen have been given the labels of anticipation; travel to the destination; on-site behaviour; return travel and recollection. Particular attention must be given to the feedback relationship between the final phase that follows the return home and the first phase of the next cycle (Cohen 1988; Fridgen 1984; Mercer 1971). Through repeat visits and word-of-mouth advocacy, the volume of an area's inward tourism can be increased without resorting to high profile promotional campaigns.

Much attention has been given to the processes by which individuals anticipate travel to a destination, whether for a first time visit to the destination, or a repeat visit (Parrinello 1993). Anticipation has been likened to travelling in time and space within the context of a person's socio-cultural environment, but without any actual movement taking place in space (Berger and Luckmann 1966). Anticipation is influenced by a tourist's motivation to travel and therefore considerable research has sought to conceptualise and measure tourism motivation. The concept involves all the

components of personality in both the cognitive and affective dimensions over a long period and cannot be satisfactorily accounted for by the simple behaviourist approach of stimulus-response.

A number of studies have distinguished between "push" and "pull" factors that influence a person's tourism motivation (Dann 1977, 1978). "Pull" motivation derives from the attraction of a particular destination, based on its tangible and intangible characteristics. Whether the characteristics of a particular destination are attractive to an individual is influenced by that individual's motivation.

"Push" factors relate to the social and physical environment in which a person resides. Implicit in push models is a desire of individuals to maintain a basic equilibrium between needs and their satisfaction. In this context, Maslow (1954) classified five needs in a hierarchy ranging from biological needs to the more complex need of self-actualisation. At the latter level of needs, Berlyne (1960) has focused on the exploratory and epistemological type of behaviour, which is peculiar to humans and is sparked off by curiosity and their need for information about the world. Dann (1977) talks about "anomie" and "ego-enhancement" and the need for a more complete view that explains the continued use of Maslow's humanistic psychology in the study of tourism. Deci (1975) emphasised competence and self-determination as factors that are often adopted for tourist and leisure motivation, stressing an optimum level of activation between boredom and stress. Iso-Ahola (1980, 1982) and Mannel and Iso-Ahola (1987) took the conclusions on leisure motivation as their starting point for understanding tourism motivation, emphasising the individual and social motivation of escaping and seeking by comparing them with life situations that are over- or under-stimulating.

In addition to cognitive models of motivation, stimulus-response models of motivation contribute to "push" factors inducing a tourist to travel. The presence locally of products such as sun creams, swimwear, cameras and travel equipment can provide cues for tourism in general. Local newspaper reports and exhibitions provide a stimulus to travel to a specific destination.

A number of studies have sought to relate tourism behaviour to individuals' activities, interests and opinions. An example of this approach is the study by Plog (1987) which identified a number of personality traits which appeared to form an important basis for identifying segments of tourists. The following constructs were identified by Plog as determinants of tourist segments:

- i. Venturesomeness - the degree of risk and novelty that an individual seeks in their travel
- ii. Hedonism - the extent to which an individual seeks physical comfort from their travel
- iii. Changeability - the extent to which an individual is impulsive or seeks something new
- iv. Dogmatism - the extent to which an individual cannot be persuaded to change ideas
- v. Intellectualism - the extent to which an individual seeks a cultural dimension to their travel

Risk and uncertainty formed a crucial continuum which Plog used to segment tourists (Plog 1987). At one extreme, Plog identified individuals who were highly venturesome and needed to satisfy an inner need for curiosity. These he described as "Allocentrics". At the other end of the continuum, "Psychocentrics" were characterised by risk aversion and a liking of the familiar. Although this unidimensional scale overlooks the multi-faceted dimensions of tourist motivation, the framework has been widely used (Figure 4.3)

Allocentric	Mid-centric	Psychocentric
(Highly venturesome)	(Liking to explore, but with home comforts too)	(Disliking the unfamiliar or risky)

Figure 4.3 A segmentation of tourist motivations, based on attitudes, interests and opinions (based on Plog 1987)

Consumers evaluate tourism products at two levels. Firstly, evaluation can be based on individual components of a complex tourism product, for example specific hotels or restaurants. Secondly, consumers may evaluate the total package of related tourism products, which the buyer views as a single purchase. In this way, the package holiday or all-inclusive short break vacation becomes the unit of analysis. In general, it has been argued that the latter approach most accurately describes tourist purchasing behaviour in the pre-purchase stage of extended problem solving (Middleton 1988),

while the first approach reflects routinised buying of services which comes about through familiarity with the product.

In the case of tourism, considerable research has shown that the process of choosing between alternative tourism destinations typically involves a large number of people. Within the household decision making unit, much motivational research has recognised the role played by women or the whole family in decision making (Jenkins 1978; Smith 1979; van Raaij and Francken 1984). Tourists are likely to consult a number of sources of information prior to making a decision about visiting a tourism destination. One study of German tourists indicated that intending tourists used an average of 1.58 sources of information (Lohmann and Besel 1990). The results put personal conversations as the most important source of information, with recommendation by relatives and friends accounting for one third of all sources, and information from travel agencies and other tourism professionals a further 17.5%. Catalogues and brochures accounted for 37.6% of all information sources, while media editorial sources accounted for 26.2%. It was notable that newspapers, magazines, radio and television accounted for only 5.4% of information sources, despite the apparent emphasis put on media promotion by many tourism marketing organisations.

The relative importance of word-of-mouth recommendation is emphasised by Smith (1979). The friendly atmosphere of trust in which ideas and comments are passed on by opinion leaders is often backed up by pictorial evidence, for example postcards, photographs and video recordings.

4.4 PROVIDERS OF COMPONENTS OF THE TOURISM DESTINATION PRODUCT

The complexity of the tourism destination product was described earlier. In this section, the diverse range of organisations who contribute toward the total tourism destination product are identified. Their objectives, resources and constraints are considered in the context of understanding their reasons for seeking to join a collaborative marketing association. Specific attention is paid to UK tourism marketing, although comparisons will be made with overseas.

The principal division of tourism destination providers is between those that are based in the public sector and those that are in the private sector.

4.4.1 Private sector inputs to the tourism destination product

Given the problems mentioned earlier of defining a tourist, it can be difficult to identify just what private sector organisations contribute to the tourism destination product.

While hotels and visitor attraction centres may be readily classified as tourism businesses, there are many more businesses for whom tourism may be an ancillary part of their activity. A restaurant, for example, may cater for residents of their area as well as incoming tourists. Visitor attractions may appeal to local residents for whom a visit is a substitute for a visit to an attraction in another area. Retailers are not typically considered to be tourism related businesses, but in some areas can derive a considerable proportion of their revenue from tourists.

It is typically assumed that private sector providers of tourism inputs have a primary objective of maximising the returns to their shareholders. At a general level, profit maximisation has been challenged by behavioural theories of the firm (e.g. Cyert and March 1963). More specifically, research has suggested that tourism operators often lack a marketing orientation which may be consistent with objectives other than profit maximisation (Greenley and Matcham 1986). The tourism industry comprises many

large organisations for whom achieving a satisfactory level of profits may appeal to managers more than maximising their shareholders' profits. More significantly, many sectors of the tourism industry, for example hotels, are characterised by small business (Keynote 1995). Previous research has shown that many small businesses appear to act with aims which are economically irrational (Cressy and Storey 1995). In the tourism sector, a small hotelier may see their business not so much as a wealth generating venture, as a pleasant means of investing a redundancy payment in a semi-retirement career.

Finally, it should be noted that it is becoming increasingly difficult to distinguish between private and public sector organisations. In between the two is a variety of tourism related businesses, which although publicly controlled have many of the characteristics of the private sector. These include QUANGOs which operate at arm's length from government and have many of the characteristics of private sector organisations (for example Urban Development Corporations which frequently include a remit to develop tourism) and registered charities (such as the National Trust). There are also many tourism services (such as leisure services) which are provided by the private sector under contract to the public sector, while many services directly provided by local authorities, such as museum services, operate increasingly in the manner of private sector organisations.

4.4.2 The contribution of public sector organisations to the tourism destination product

In a bid to stimulate economic development, tourism is today regarded by many public sector organisations as a valuable pump priming activity, fulfilling a role previously seen as the prerogative of manufacturing industry. This view is shared at local, national and European Union levels.

Until 1969, nearly all public sector tourism marketing activity in the UK originated with City or Borough Councils - the forerunners of today's District Councils. The Development of Tourism Act 1969 and the Local Government Act of 1972 saw national government recognising the need for greater public sector involvement in tourism. This was manifested in a number of ways. The former Act created the British Tourist Authority together with National and Regional authorities, all charged with the task of marketing the tourism product in their designated areas. The latter Act strengthened the role of County and District Councils in Economic Development and many have actively included tourism marketing in their portfolio.

At a European level, the European Union has been instrumental in providing regional development grants from the European Social Fund. These have been distributed through a number of bodies, including urban development corporations and local authorities, and have frequently targeted tourism development as a means of local economic regeneration.

4.4.3 UK National government inputs

At a national level, government has increasingly recognised the economic role of tourism. The input of national government takes three forms: as a direct supplier; as a regulator; and as a facilitator.

Like many governments, the UK national government is responsible for directly *supplying* many components of the tourism destination product. These can be divided into tradeable and non-tradeable components. Tradeable components include the ownership and operation of historic buildings for which an admission fee is charged, for example properties administered by English Heritage and the national museums.

Some of the means of access to a tourism destination are owned and operated by the government in a commercial manner, for example non-privatised British Rail services and canals owned by British Waterways Board. Non-tradeable services include trunk roads and parks administered by the Royal Parks Service. In the case of both tradeable and non-tradeable components, national government's role has been declining with many operations being disposed of to the private sector, or operated at "arms length" through newly created QUANGOs.

As a *regulator*, national government provides the framework within which other suppliers operate. This is achieved directly through implementing legislation and indirectly through regulatory agencies. Examples of the former include legislation governing the permitted opening hours of shops and public houses. Examples of the latter include the Office of Fair Trading's power to investigate alleged anti-competitive practices of tourism operators, including attempts by syndicates of hotels to maintain high price levels in an area by restricting competition.

As a *facilitator*, national government provides support for national tourism strategy to be implemented locally. This includes Regional Development assistance for tourism projects in assisted areas where multiplier benefits of tourism investment contribute towards government's wider objectives, including employment creation. National government also facilitates the development of tourism destinations through grants given to the National Tourist Boards, who in turn make grants available to Regional Tourist Boards for such activities as Tourism Development Action Programmes and Visitor Management Programmes. Indirectly, national government also contributes to local government in the form of Rate Support Grant which takes account of expenditure incurred by local authorities in catering for tourists.

4.4.4 UK local government inputs

It is at local government level that public sector organisations have the most direct effect in shaping tourism destinations. In an attempt to capitalise on the increasing importance of tourism as a source of local economic activity, many local authorities have developed marketing units and allocated budgets for developing inward tourism. In the year 1993/94, District Councils in England spent a total of £48.4m and County Councils £11.3m specifically on tourism promotion (CIPFA 1994).

A number of reasons can be identified why local authorities have become involved in local tourism marketing.

- i. the development of tourism directly adds to the rateable base of an area, thereby bringing additional revenue to a local authority. More indirectly, tourism development can help a local authority achieve wider social objectives, including reduced unemployment and the alleviation of social deprivation. Expenditure on tourism may improve the image of an area and encourage further non-tourism inward investment.
- ii. the promotion of an area by the private sector alone may not be effective where non-contributors to a promotional effort can receive all the benefits of area marketing without paying any of the costs. The existence of a level of external benefits can justify local authority intervention in tourism marketing.
- iii. in the case of large national tourism chain operators, the chain may not be interested in promoting a local area. With national coverage, they will be shifting their demand rather than creating new demand. By intervening, a local authority can seek to redirect consumer spending to its area.

- iv. local authorities are responsible for providing vital elements of tourism related infrastructure.

Local authorities assume responsibility for significant elements of the tourism destination that visitors experience. A typical District Council has responsibility for providing the following services:

Operation of Leisure Centres

Provision of car parks

Operation of Tourist Information Centres

Parks and gardens

Provision of public conveniences

Street cleaning

Planning and conservation policies

Local signing

This list is arranged in descending order of the tradability of the service. At the head of the list, the tradability of services such as leisure facilities has allowed many local authorities to subcontract their provision to private sector organisations. The Local Government Act 1988 has required the compulsory competitive tendering of many services that are market mediated either at the point of consumption or at the point of production.

The focal point for tourism marketing responsibilities within District Councils varies between authorities. Of 333 District Councils in England and Wales, 172 are listed in the Municipal Year Book 1994 (Municipal Journal 1994) as having a Tourism Officer. An analysis of their departmental attachment reveals the following:

Entertainments /Leisure	34
Recreation/ Amenities /Arts	17
Chief Executive	35
Economic Development	23
Planning	3
Other/ Not stated	60

Attachment to a Recreation/ Amenities department seeks to place responsibility for tourism marketing with an authority's most clearly definable tourism activities, as many of these departments are responsible for the operation of theatres, leisure centres and parks. The marketing activities of these departments yield significant internal benefits in the form of increased revenue at District Council operated tourist attractions.

Economic Development Units tend to be more common hosts for tourism marketing where the multiplier effects of tourism are recognised as being important. Location in the Chief Executive's department reflects the complex inter-functional nature of tourism marketing within a local authority.

The diverse range of tourism related services provided by local authorities involves a wide range of functional departments, beyond what some authorities have defined as a department of tourism. For many non-tourism specific departments, the need for tourism marketing may either not be recognised or treated with hostility by officers who are more accustomed to responding to a bureaucratic planning culture. It is a challenge for local authorities to bring about a greater degree of marketing orientation in departments which are not at the core of tourism marketing. The need has been identified by Wahab (1975, p.21) who defined the application of the marketing concept to public sector tourism marketing as

"....the re-orientation of business policy and management concepts and practices to establish a consistent and effective communication system with actual and potential tourists in the selected market and to get to know their wishes, needs, motivations, likes and dislikes in order to be able to condition the tourist supply accordingly".

4.4.5 Private and public sector inputs compared

The legislative framework within which local authorities in Britain operate has forced them to increasingly take on the values of a marketing business culture. The political ideology of the 1980s has sought to limit the role of centralised planning and to transfer sovereignty for decisions to the consumer of local authority services. However, it is too simplistic to expect the philosophies and practices of marketing which have worked successfully in the private sector to find equal success within the local authority sector. There is a well developed literature which identifies the principal differences between public and private sector marketing and can be summarised as follows:

- i. many local authority services exhibit significant externalities which prevent economic exchange. Clean streets, fire protection and open spaces typify services where an authority cannot gain recompense directly from individuals who receive benefits. Marketing thought has traditionally excluded the concept of externalities by defining the discipline in terms of the requirement for some form of exchange of value between parties (Kotler 1988; Oliver 1990b).
- ii. private sector marketing managers usually have no difficulty in identifying who their customers are. In the case of local authorities, this can be more difficult. For example, the customers of educational services can be variously defined in

terms of the users of the service, the parents of the users, future employers, or society at large.

- iii. private sector marketers generally work to objectives which can be internally monitored and recorded. For a local authority, there is frequently no direct equivalent to an internal balance sheet and profit and loss account - the signs of success may be distributed much more diffusely.
- iv. the internal organisational constraints can influence the role of marketing within an organisation. However, while it could be argued that a local authority bureaucratic culture involves compromising consumer sovereignty by the need to respond to political pressures on the authority, many studies have shown that a true marketing culture is also absent from large sections of the private sector (Greenley and Matcham 1986).

The lack of a marketing culture in many local authority departments, existing alongside control over key strategic tourism inputs, has motivated alliances with private sector organisations in order to exchange core competencies. The private sector generally has a much greater commitment to a marketing orientation, which it can exchange for access to local authority resources which cannot be obtained on the open market (Waddock 1989).

4.5 COLLABORATIVE LOCAL TOURISM MARKETING ORGANISATIONS

A diverse range of collaborative organisations have been created to market tourism destinations. Many private sector collaborative tourism associations are of long standing, especially in "honeypot" tourism areas. More recently, local authorities have

become involved in collaborative associations. In the following sections, the diversity of collaborative tourism associations is reviewed, beginning with purely private sector associations, followed by collaboratives which involve public and private sector organisations.

4.5.1 Voluntary tourism associations

A considerable amount of collaborative tourism marketing takes place through *ad hoc* associations of tourism operators (e.g. local hoteliers' or restaurateurs associations). These tend to be informally structured with few, if any, permanent staff. In many cases, such associations are created as defensive mechanisms to protect members' interests against legislative change, rather than being pro-active marketing alliances. Many seaside resorts have long standing associations of owners of small hotels and guest houses who have used their associations for campaigning activities as diverse as traffic management proposals, the level of business rates and land use development. Many members gain significant social benefits from such associations, for example from attending social events and talks given by guest speakers.

Voluntary associations have more recently taken on a more pro-active marketing role, reflecting the increasingly competitive market for tourism destinations and the increasingly discerning nature of tourists. They have also developed from being predominantly sectional (representing specific sectors of the tourism industry) to being more general in the tourism businesses which they represent.

It is difficult to establish how many such associations are in existence, as no central records are kept in the UK. It can be very difficult to define just when an association exists, with some groups merely representing informal gatherings of interested parties. On the other hand, some associations have grown to the point where they have formal

structures and secretarial staff to support the work of the association. Although this research is primarily about *local* tourism destination marketing, it should be noted that many collaborative associations exist at a national level to promote a specific sector, for example there are associations representing leisure parks, museums and farm holidays. Local associations often join together to form regional associations to promote a region.

4.5.2 Local authority involvement in private sector associations

Local authorities have frequently co-operated with voluntary private sector tourism associations. Alliances between the private and public sectors are particularly attractive in destination marketing because there is usually a congruence of objectives between the two sectors - attracting more tourists can benefit not only the narrow financial objectives of tourism operators, but also the more diverse social objectives of the public sector. There has been an increasing recognition of their value in tourism marketing (Gunn 1988, Crompton 1990).

Sometimes, private sector tourism associations are used by government agencies as a channel through which consultation in the planning process can be undertaken (Gunn 1988). District Councils have often devolved some degree of tourism marketing responsibility to outside organisations. Many authorities have simply made payments to local consortia representing tourist interests and leave to them the detailed planning of its expenditure.

Significant interdependencies exist between the public and private sector organisations involved in tourism marketing. Many private sector tourism facilities cannot exist without the co-operation of public sector services, for example in the provision of access roads or airports. Similarly, public bodies which seek to stimulate incoming

tourism are dependent upon the investment and operational decisions of private sector tourism operators.

There is typically much overlapping of duties between the two sectors, and indeed between different bodies within each sector. While individual tourism operators promote features that are specific to their own services, they inevitably promote their area in general, overlapping with the efforts of other private and public sector organisations. By pooling efforts, all organisations involved can achieve economies of scale (Reid 1987).

While some public-private sector collaboration is essential for tourism destination marketing, the nature of public-private sector collaborative agreements varies widely. At one extreme, alliances can be formed with clearly defined goals and relationships between members of the alliance. At the other, collaboration can represent a latent understanding between partners with little formal specification of objectives or relationships.

4.5.3 "Arms Length" organisations

A growing feature of local government organisation is the emergence of single service, "arms length" companies which have been given duties previously carried out within an authority itself. The term "arms length" company is defined by the Local Government and Housing Act 1989. Most significantly, such companies must attempt to make a commercial return, must not receive direct or indirect subsidies from the local authority and no more than 20% of the directors can be local authority officers or members. A number of reasons can be identified for their creation:

- i. a desire may exist to bridge the cultural gap which often occurs between the bureaucracy of a large council structure and the potential dynamism of a small semi-autonomous quasi-private sector organisation
- ii. with many private and public sector organisations responsible for marketing overlapping services, it may be possible to reduce duplication by pooling these efforts in a semi-autonomous organisation
- iii. by creating a semi-autonomous body at arms length, the local authority can gain access to additional sources of capital (although where the company is in fact controlled or "influenced" by the local authority, Part V of the 1989 Act requires such borrowing to be included within the authority's own external financing limits).

In addition to tourism marketing, arms length companies have also frequently been created to take on much of the work previously undertaken by local authorities' internal economic development units. These have been the subject of a study by Barnes and Campbell (1988) who contrasted the benefits of escape from a bureaucratic planning culture against the potential problems associated with a finance capital culture loses sight of its original values by becoming more conservative and dismissing financially marginal but socially valuable projects.

4.5.4 Tourism Development Action Programmes (TDAPs)

One type of arms length organisation that has been created in a number of areas arises from the creation of Tourism Development Action Programmes (TDAPs). TDAPs are an initiative of the English Tourist Board and involve a partnership between private and public sector organisations (as an example, the TDAP created in Leeds in 1991

involved funding from Leeds City Council, Leeds Development Corporation, British Waterways, the English Tourist Board and a number of hotel and visitor attraction operators). TDAPs are created for an initial three year period and are charged with taking a comprehensive and integrated approach to the development and marketing of tourism in an area. Strategic plans for the development of the tourism "product" benefit by the active involvement of the main public and private sector partners, giving advantages over the production of a series of isolated plans by the partners. Implementation can be facilitated by giving loans or grants from the TDAP budget for projects which in isolation may be financially unattractive, but add significantly to the capacity of the area as a whole to attract tourist spending.

Early TDAPs had a very loose separate identity, relying largely on seconded staff from sponsoring partners. Later TDAPs have been incorporated as formal limited companies, with District Councils being significant shareholders, whilst remaining at arms length. Limited company status makes the organisation more attractive to private sector partners, allows for recruitment of dedicated rather than seconded staff and makes an extension of the TDAP easier after its initial three year term expires.

The first TDAP was established in Bristol in 1984. At January 1989, 26 TDAPs had been created, of which 8 had completed their initial 3 year term and have continued in some modified form (Bramwell and Broom 1989).

4.5.5 Developing a taxonomy of collaborative tourism marketing associations

In the previous chapter, the diversity of collaborative marketing alliance types was analysed. Building on the taxonomy developed by Terpstra and Simonin (1993), four distinguishing characteristics can be used to classify tourism collaborative marketing associations: form, motive, coverage and mode. Tourism marketing associations in the

United Kingdom are examined here in relation to these four dimensions. By analysing these four dimensions of an association, a measure of its maturity can be established. A poorly developed, or immature association is one which has only limited coverage, a loosely structured form and an informal mode of operation. Immaturity may itself result from a low level of motivation on the part of collaborators to develop a more mature alliance.

The form of tourism associations can show a number of levels of development. The least developed associations are based on a non-equity agreement, in which members of the association agree on such issues as methods of operation and joint promotion which are to their mutual benefit, but their financial independence is maintained. This is typical of many associations with only narrow coverage. Loosely formed alliances of tourism related organisations occur quite commonly, for example among groups of hoteliers whose associations often have little formality about them and no financial interdependence.

In some cases, tourism businesses in an area have invested their money in a specific project to form a joint venture. Joint ventures in tourism can occur where a number of interested parties contribute resources to develop a tourism product whose total benefit to potential customers is greater than the sum that all members could offer independently. Multi-purpose conference centres are often the product of a joint venture between property companies, hoteliers, tourism services operators and local authorities.

Tourism Development Action Programmes represent a more formal organisation with a wide ranging remit. Public and private sector tourism related organisations contribute equity and loans to an organisation which has responsibility for a general tourism marketing strategy. Although TDAPs were originally set up for a limited three year

period, most resulting structures were incorporated with limited liability. This formality of structure has facilitated their continuation after the initial three year period.

A diverse range of motives account for the creation of collaborative tourism marketing associations. The more traditional, longest-established alliances have been created where the interests of tourism related businesses have felt threatened. The most likely areas for the establishment of such alliances have been tourism "honeypot" areas. In England, tourism associations have been established since the 1950s in honeypot areas such as Blackpool, Bournemouth and York. Although these associations have taken on a number of marketing roles, their initial role was often defensive and operational. One of their principal tasks has been to lobby local authorities where their members' interests felt threatened, for example in relation to planning proposals, car parking facilities and traffic management.

The motivation for creating a tourism association is likely to be greatest where specific tourism opportunities and threats are recognised by significant numbers of the business community in an area. In "aspiring" tourism destinations, as opposed to "honeypot" destinations, businesses may be too few and dispersed to perceive any need to come together to fight a threat which affects tourism in the area. Instead of forming a specific tourism alliance, affected businesses may pursue lobbying through more general pressure groups, such as Chambers of Commerce. Businesses in an aspiring tourist destination may perceive tourism opportunities as being available, for example, through recognising the tourism related uses which a collective redevelopment of disused industrial assets may provide. For local businesses, the motivation to join a local tourism association may be the prospect of multiplier benefits for their area (Fosler and Berger 1982).

The existence of a champion of collaborative tourism marketing may be crucial motivator for a latent desire for collective action to be transformed into actions (Gray 1985).

In some cases, local tourism associations have been formed primarily to exploit the benefits of collaborative marketing. Where a significant nucleus of tourism related businesses exists, each business can achieve economies in advertising and intelligence gathering. A common manifestation of this is joint representation at exhibitions at home and overseas, and the production of jointly produced advertising brochures. In both cases, the costs of collective promotion can be less than the sum of the amounts which businesses would have spent individually. Furthermore, collective promotion can not only be seen as cutting individual operators' costs, but also increasing public awareness of the full range of benefits available at the destination.

It was noted above that local authorities have their own motives for developing tourism in their areas. They have a number of motives for facilitating the development of tourism associations. Firstly, the contracting out of service provision has become part of the culture of local government, arising in part from the requirements of the Local Government Act 1988, and subsequent legislation. Secondly, central government has given incentives for local authorities to create "arms length" companies to promote tourism, principally through the Local Government and Housing Act 1989 which exempts genuinely arms length organisations from having their expenditure included in an authority's external financing limits. Local authorities need to distance themselves from the management of an activity, yet they still seek to retain some significant influence over the activity. This creates conditions conducive to collaboration. Thirdly, it is being increasingly recognised that tourism planning should be seen as a bottom-up process, as much as a top-down process (Gunn 1988). This is reflected in the increasing use of community involvement in the planning of tourism

developments. Tourism associations are being increasingly used as an input to the planning process.

The **coverage** of tourism associations can refer to the extensiveness of their functional competencies and to their geographical coverage (Bleeke and Ernst 1991). Simple alliances confine their shared activities to narrow product/market areas, specific areas of marketing mix activity (e.g. advertising) or close geographic areas.

The most basic coverage of tourism marketing alliances is provided by single sector alliances, such as those which represent only the interests of hotels, restaurants or tour operators within a narrowly defined geographical area and whose purpose is defined narrowly (for example, in being restricted to producing a joint publicity brochure, or agreeing joint representation at exhibitions).

A narrow tourism association is unable to exercise significant control over its marketing environment. Where competitive product areas are excluded from the activities of the alliance, the control which members of the alliance are able to exercise over their environment is lessened.

A more mature tourism marketing alliance would seek to exercise greater control over the marketing mix of the tourism product as more broadly defined, for example by adding joint product development (such as a holiday or conference packages) to a basic promotional function. A constraint on the development of coverage is the possibility of anti-monopoly legislation being invoked against a horizontal alliance which is able to control its environment in such a way that the choices available to customers is restricted. In the case of local tourism marketing alliances, the existence of competing destinations lessens the anti-trust implications.

The **mode** of an alliance describes the intrinsic nature of the relationship between its members (Terpstra and Simonin 1993). Despite the existence of formal structures, the effectiveness of an alliance can be the result of the level of commitment received from alliance members.

Commitment to a collaborative marketing association from the senior management of collaborators may be crucial to its continuing success (Ackerman and Bower 1976, Murray 1976). If a partner only assigns junior staff to the collaboration, this may be seen as a lack of commitment by other partners who send more senior staff. If junior staff have only limited decision making power, the authority of an association may be undermined by the need to refer decisions back to the partner institutions for approval.

In the case of tourism alliances that involve public and private sector members, pre-conceived stereotypes held by members of each other may diminish trust between members, and hence the effectiveness of the alliance (Rainey 1983, Ring and Perry 1985). Pre-conceived stereotypes of the other party may be exacerbated by approaches to problem solving which differ in their evaluatory criteria and sense of urgency.

The problem of differing cultural values can be particularly problematic in tourism alliances where public sector inputs such as roads are typically provided by officers working in a bureaucratic planning environment subject to political constraints, while private sector operators face the rigours of a market environment.

4.6 SUMMARY

A tourism destination is a complex product to market, requiring extensive inter-organisational collaboration. Tourism destination marketing provides an appropriate

case to test the research propositions described in Chapter 1, and which are more formally described in the following chapter as research hypotheses. The tourism destination "product" which forms the focus of a network of relationships is complex and poorly defined, while the marketing of a tourism destination can create significant external costs and benefits.

CHAPTER FIVE

METHODOLOGY

5.1 INTRODUCTION AND RESEARCH OBJECTIVES

A literature review of the principal issues involved in collaborative tourism marketing has been presented in the previous chapters. In this chapter, general research objectives are re-stated and a number of specific research hypotheses created. The development and deployment of survey instruments is described.

The previous chapters have reviewed the literature relating to the development of ongoing relationships between commercial organisations, both between organisations at different points in a value chain, and between complementary companies operating at a similar point in a value chain. Following this, the characteristics of tourism destinations have been described in the context of tourists' needs and the diverse interaction between elements of the complex tourism destination "product". Because of the existence of external costs and benefits, it was apparent from this review that a

tourism destination cannot sensibly be marketed by one organisation, either public or private sector, in isolation from other organisations. Some form of collaborative action was deemed to be necessary to achieve overall economic efficiency for producers. The economic benefits of collaboration can result from merely sharing promotion costs, through to more deep-seated collaboration which involves strategic business planning and operational issues.

The previous chapters have drawn attention to recent debate about the factors that have been considered to be antecedents of successful collaboration between organisations. The general objective of this research can be restated as a desire to understand the *particular* antecedents of successful collaboration among organisations where the focal product is poorly defined and externalities are high, circumstances which are characterised by collaborative tourism destination marketing. There is little published research into the factors that cause some collaborative tourism marketing organisations to succeed whereas others fail, when there is otherwise no external explanation of differences in effectiveness. This research seeks to add to understanding of the antecedents of successful collaboration between organisations involved in marketing local tourism destinations which typify collaboration in respect of a poorly defined product where externalities are high. While the immediate objective is to be able to make generalisations applicable to the tourism sector, a secondary objective is to be able to make broader generalisations which may have application to other forms of inter-organisational collaborative marketing (for example agricultural marketing co-operatives).

5.2 RESEARCH HYPOTHESES

A hypothesis is a statement of some phenomenon whose truth is not immediately apparent. The purpose of testing a hypothesis is to test the validity of the assumptions

on which the hypothesis is based. A hypothesis is proven if its suppositions are borne out by empirical validation (although where it is not possible to obtain positive proof to confirm the hypothesis, it is more usual to disprove the opposite "null" hypothesis).

Hypotheses provide a more precise statement of the purposes of this research than a general statement of research objectives. While the latter indicates the general thrust of the research, a statement of hypotheses to be tested identifies specific anticipated outcomes from the research. However, care needs to be exercised in the use of the term hypothesis. Its general usage in scientific literature is associated with statements which can be proven or disproved. In the social sciences, phenomena are generally less clearly definable than in the natural sciences, and a clear statement of proof or disproof is not always possible. It is therefore common to talk about research propositions rather than hypotheses. The latter implies the testing of a statement whose outcome may be a balanced discussion rather than a definitive proof or disproof. This study sets a series of hypotheses for testing, but it must be borne in mind that many of these cannot be positively proven or disproved. They may therefore be more characteristic of research propositions than hypotheses.

Hypotheses are specified here as principal hypotheses and subsidiary hypotheses. Principal hypotheses are based on fundamental issues of commercial relational exchange which have been raised widely in previous published empirical and conceptual work. These hypotheses are thought to offer important frameworks for directly understanding the performance of collaborative tourism marketing associations.

Subsidiary hypotheses are defined in order to test some of the assumptions of the constructs which form the basis of the principal hypotheses.

5.2.1 Style of Governance and the effectiveness of collaborative tourism marketing associations

Governance refers to the means by which relationships between inter-related components of a system are regulated. In the context of inter-organisational relationships, the previous review of literature has suggested a number of bases for governance. The literature has suggested a framework for considering two polemical forms of governance systems. At one extreme, the components of a system are not held together by any formal set of rules, but rely on an informally accepted set of rules which members accept as a basis for governance. At the opposite extreme, members are held together in a governance system which tightly specifies the relationships between members.

The first extreme is characterised by informal understandings between participants, based on norms (Bonoma 1976; Macneil 1981). For any market based system of trading to function effectively, competition requires co-operation, resting on a foundation of shared interests and mutually agreed rules of behaviour (Solomon 1992). In western cultures, the importance and role of socially constructed ethical principles for governing exchange relationships has been noted (Macneil 1983, 1986, Shell 1991). Ethical standards provide guidance for exchange behaviour while affording the flexibility necessary for sustaining relational exchanges. Because of their inherent flexibility, governance systems based on ethical principles can be regarded as relatively informal in nature.

Trust is implicit in informal methods of governance. The development of trust between exchange partners serves as a risk reduction mechanism which can avoid the need for more formal safeguards of partners' interests (Hakansson and Ostberg 1975, Cunnigham and Homse 1986, Ford 1981). Trust is important to the success of a

collaborative tourism association, as each partner can potentially give competitors access to their core competencies. The most significant of these are based on market resources (for example, where members give fellow members access to their customer database or where they allow their brand name to be used to endorse the association's efforts) and operational resources (for example, where staff employed by a member are seconded to further the efforts of the association).

Relationships between members can be governed by a variety of types of informal control. Market control occurs where collaborators work in a highly competitive environment in which the need to achieve profitable sales constrains the actions of parties. Market control is particularly effective where parties are mutually dependent on each other for market based resources (Heide 1994; Williamson 1983; Williamson 1985; Oliver 1990a). Market forces represent a "hidden hand" in the way that control is exerted over members of a tourism collaborative marketing association.

More overt informal controls are sometimes described as organic controls and can be exercised at a number of levels. Jaworski (1988) for example identifies three levels of informal control - self control, social control and cultural control. The first is essentially based on a system of incentives which may be financial or psychological (e.g. members of an association passing on comments about performance failures to fellow members of an association in the expectation that they will be shamed into changing their behaviour). Social control is applied within small groups where violation of a group norm causes other group members to put subtle pressure on the deviating member to perform to standard. Cultural control results from a process of internalising the cultural norms within each individual so that he/she can be expected to behave in accordance with the norms. In some collaborative associations, the cultural norm may be that "the customer is always right" and through cultural control, individuals will always attach great importance to this value.

More formal governance systems imply reliance on a prescribed system of rules or some form of legal intervention (Gundlach and Murphy 1993). Increasing formality implies increasingly bureaucratic controls, which can include extensive rules and procedures, tightly written role functions and other formal methods for preventing and correcting deviations from desired behaviours and results (Ouchi 1980).

Legal/ bureaucratic bases for governing exchange relationships have been associated with much less flexibility with respect to response to environmental change (Frazier and Summers 1984, Beale and Dugdale 1975), leading to the observation that business people prefer to rely on general understandings and informal agreements, without routinely resorting to formal contractual rights as a basis for gaining compliance.

Significant importance has been attached to the role of co-ordinators in inter-organisational collaboration and the balance they achieve in acting as an integrator and a referee in the development process (Cowell 1988; Gray 1985). Flexible networks of inter-organisational alliances have potential to respond rapidly to changes in their environment, especially where a co-ordinator is able to leverage the expertise of member companies (Cravens and Piercy 1994). Against this, excessive flexibility can lead to a misunderstanding of goals, resulting in problems in monitoring members' performance and exercising control (Anthony 1988).

A number of authors have commented upon a "loose-tight" continuum for managing intra- and intra-organisational relationships, with the observation that styles at all points of the continuum can have a role in managing relationships in particular circumstances (Handy 1994; Achrol 1991). There is a suggestion, for example, that excessively tight or formal governance systems may be inappropriate where the nature of the task in hand requires creativity from those being managed. Where tasks can be

specified more precisely, more formal methods of governance may be more appropriate to bring about the achievement of agreed objectives.

An informal governance system for a tourism marketing association may imply a failure to clearly set objectives for the association and to structure its activities in a way which is inappropriate for the achievement of its objectives. On the other hand, informality in governance may be associated with freedom for members to use their own initiative to respond rapidly to new problems without recourse to more formal and time consuming decision making systems which are a characteristic of more formal governance systems.

The literature does not give any suggestion about which form of governance is likely to be most appropriate to a collaborative tourism marketing association. The hypothesis concerning the link between style of governance and organisational effectiveness is therefore not directional. The hypothesis is simply that the style of governance is associated with differing levels of effectiveness.

- **H1: There is an association between the style of governance of a collaborative organisation and its effectiveness**

Antecedents of governance style

Collaborative tourism marketing associations vary in scope from small informal gatherings of traders to large and diverse associations which act as conduits for significant amounts of public sector funds. Many factors have been cited in the literature as contributing to the governance style of an organisation, including the broader social and cultural environment in which it operates (Greenfield, Winder and Williams 1988; Bradach and Eccles 1989); the purpose of the organisation (for

example, whether members see it as an essentially social organisation or one with tightly defined business objectives) (Pfeffer 1981); the resources available to govern the organisation, which influences whether it relies on informal social control over members, or more formal bureaucratic controls (Anthony 1988); the stage in the organisational life cycle that an association is currently in, with evidence that most organisations go through stages of birth, youth, midlife and maturity, each associated with different governance systems (Kimberly and Miles 1980; Adices 1979); and the size of membership of an organisation, reflected in observations that as organisations grow in size, governance systems have a tendency to become more complex, with more formalised methods of allocating responsibilities to partners (Anthony 1988; Frazier 1983).

Of these suggested antecedents, the effect of broader social and cultural attitudes on the governance of collaborative tourism associations can be presumed to be constant throughout the sample of associations to be studied, as all are drawn from one country which shares a system of cultural values. Greater interest is placed in understanding the role of the remaining antecedent factors affecting governance, expressed in the following hypotheses:

H1A: The governance style of a collaborative tourism marketing association is influenced by the financial, human and operational resources at its disposal

H1B: The governance style of a collaborative tourism marketing association is influenced by the duration to date of its existence

H1C: The governance style of a collaborative tourism marketing association is influenced by its scale, as indicated by the size of its membership

5.2.2 Collaboration and reciprocity between members

Reciprocity in exchange has been seen as an essential feature of self-regulation in marketing relationships (Bagozzi 1995). The fundamental characteristics of reciprocity have been summarised by Becker (1990, p.23) as a disposition of one party

"... to return good for good in proportion to what we receive; to resist evil, but to do no evil in return; and to make reparation for the harm we do".

While self-interest may initiate many marketing exchange relationships, reciprocity is instrumental in sustaining those relationships (Bagozzi 1995). The notion of reciprocity postulates that transactional exchange will normally only be transformed into long-term ongoing exchange if all parties feel they are reciprocating fair levels of value.

In the context of collaborative tourism marketing associations, reciprocity can be understood at a number of levels. Symmetry of commitment to the association can be manifested in the form of reciprocated pledges of human, financial and operational resources which are provided for the benefit of the membership. Uni-lateral systems of governance give rise to the possibility of one party to a collaborative relationship being held "hostage" to the relationships where they have no sanctions for non-reciprocation. Where governance of an association is on a bi-lateral basis, commitments can be made by each partner, allowing each the possibility of enforcing reciprocation (Heide 1994). Balanced, or symmetrical dependency represents a mutual safeguard (Williamson 1983, 1985) and a collective incentive to maintain the relationship (Oliver 1990a). Bi-

lateral, or reciprocated systems of governance can be achieved where parties have an incentive structure that makes the expected gains from maintaining the relationship greater than the potential short-term gains from opportunism or defection (Telser 1980). One strategy for creating a self-enforcing agreement is for the parties to make credible commitments to the relationship (Williamson 1983, 1985), for example by investment in dedicated assets (Anderson and Weitz 1992).

Symmetric dependence results in partners having a joint motivation to show flexibility in response to changing circumstances (Buckley and Casson 1988; Williamson 1991). Instability in a collaborative association may occur where dependence is asymmetric, for example where a member is dependent upon the association for promoting its business, with no sanction for poor performance of this task, other than withholding of its membership subscription. In such circumstances, parties will have little or no incentive to show flexibility, because no guarantee exists that such actions will be reciprocated. Where one party perceives that they are unlikely to receive reciprocated benefits in return for their actions, it may be in their interest to exploit opportunities outside of their relationship (for example, where a hotelier perceives little benefit from contributing to a joint promotional effort, they may exploit alternative means of promotion, even if these are harmful to competing association members). The existence of reciprocated dependence serves to align the respective parties' interests and promotes flexibility as a means of preserving the relationship (Macneil 1978) and to facilitate the development of bi-lateral governance (Macneil 1981).

Reciprocation can also be considered in terms of members' ability and willingness to adapt their basic business procedures to suit the needs of their collaborative association (Campbell 1985, Jackson 1985). Adaptation has a cognitive and a behavioural dimension. At a behavioural level, asymmetrical reciprocation may occur, where, for example, small hotels adapt their customer reservation procedures in a way which is

heavily influenced by the current procedures of larger hotels in the association. In adapting, smaller hotels may perceive an asymmetric commitment of resources, not only in absolute terms, but also in terms of the proportionate burdens on their respective businesses.

Finally, an information system has been seen as vital to the task of co-ordinating networks of inter-dependent organisations (Achrol 1991; Davidow and Malone 1992).

Without an agreed and consistently executed basis for collecting and disseminating information, imbalances in knowledge could accrue to members of a collaborative association (for example, a hotel may submit information about the current level of its advance bookings, but not receive back information either about other individual members' advanced bookings, or the collective total). Reciprocity implies that information is perceived by members as being shared on an equitable basis.

The literature review has suggested that reciprocation, based on mutual dependency, is important in the development of effective long-term relationships. In the context of collaborative tourism associations, it is hypothesised that the effectiveness of the association increases as reciprocity between members increases.

H2: The perceived effectiveness of a collaborative organisation will be improved where there is a high level of reciprocation of benefits and obligations between members

5.2.3 Organisational compatibility and effectiveness of collaboration

A profile of typical collaborative tourism associations was presented in Chapter 4. It will be recalled that such associations tend to bring together members from a variety of

member organisations, representing organisations as diverse as entrepreneurial sole traders and large international trading organisations.

Diversity of membership can be both a strength and a weakness to collaborative tourism marketing associations. Resource dependence theory views diversity of members' resources as a strategic response to conditions of uncertainty (Pfeffer and Salanick 1978). Through such diversity, members can exchange core competencies. This is seen in the symbiotic relationship which often develops between a major tourist attraction (such as a leisure theme park) and smaller tourist attractions and hotels which lie in its area. The leisure park may benefit from a good supply of hotels to encourage visitors to stay longer, while the existence of the park may be critical to success for hotels in the area. A symbiotic relationship is also evident where local authorities and private sector companies are members of collaborative tourism associations. Both seek to develop inward tourism, for their own respective reasons. The former has access to critical resources such as land use planning powers, but generally has poor marketing management abilities, whereas the latter has better management abilities, but lacks control over critical infrastructure resources.

The opportunities for sharing of core competencies has to be set against the risk of alienated interaction between members. In the case of public-private sector collaboration, much attention has been given to the differences in cultural values which members can bring to an alliance and which can inhibit the development of joint problem solving activity (Rainey 1983, Ring and Perry 1985). It is often suggested that private sector members perceive their public sector counterparts as being bureaucratic in nature, subject to few of the competitive pressures that drive private sector members to take action, rather than merely talking about action. The problem of differing cultural values can be particularly problematic in tourism alliances where public sector inputs such as roads are typically provided by officers working in a bureaucratic

planning environment subject to political constraints, while private sector operators face the rigors of a market environment. More recently, there is evidence that the devolution of many central and local government functions to arms length agencies may have brought about some change in attitudes and behaviour of former public sector employees (Fenwick, Shaw and Foreman, 1994; Farnham and Morton 1993).

The compatibility of members of a collaborative tourism association is also influenced by the individuals who are nominated by member companies to be key interface positions with other association members (Terpstra and Simonin 1993). Commitment to an association from the senior management of member companies can be crucial to its continuing success (Ackerman and Bower 1976, Murray 1976). If a member company only assigns junior staff to the collaboration, there may be a perception of incompatibility by the owner managers of small and medium sized enterprises. A crucial role is played by an identifiable "convenor" who has the authority and status to bring key collaborators together (Gray 1985).

A vital element of inter-organisational compatibility rests on the development of norms of behaviour, representing expectations about behaviour that are shared by a group of decision makers (Gibbs 1981; Moch and Seashore 1981; Heide and John 1992). In the context of collaborative tourism marketing associations, norms can be understood as shared attitudes and behaviour patterns exhibited by members, for example in respect of members' attitude towards co-operative rather than competitive actions. Norms of behaviour may be difficult to develop where members bring values from a diversity of backgrounds (for example, norm development between the entrepreneurial attitudes of small private sector members and large, bureaucratic national operators may be difficult to achieve).

Further indirect evidence to support compatibility as a factor giving rise to ongoing relationships is provided by Evans (1963) who found that the more similar the individuals involved in buyer/seller interaction, the more likely they were to achieve this and subsequent sales. Similarity results in more co-operation during negotiations. However, Weitz (1978) reviewed the similarity/ attraction literature and found that although the idea that attraction leads to successful negotiations is appealing, the evidence for this hypothesis is weak, and in some circumstances greater similarity may suggest a negative relationship.

The literature review has identified a number of possible sources of incompatibility between members of a collaborative association. These share a common theme of representing differences in the cultural values of members bring to the association, based on differing structures and processes of their companies, as well as inherent differences in an individual's social and psychological make-up. The individual and organisational influences on cultural values could be linked, for example in the way that particular organisations have a pre-disposition to recruit individuals with narrowly defined personality characteristics (Handy 1994).

This research proceeds with a hypothesis based on a uni-dimensional definition of organisational compatibility. The direction of the consequences of organisational compatibility upon the effectiveness of a collaborative tourism association is less easy to predict from the literature, in view of both the problems and opportunities which diversity can bring. The working hypothesis is that a collaborative tourism association will be more effective in meeting its objectives if there is a high degree of internal compatibility between its members.

H3: A collaborative organisation will be considered more effective by its members where there is internal compatibility between members

Antecedents of internal compatibility between members

It can be observed that while some collaborative tourism marketing associations show high levels of internal compatibility, others are characterised by relatively low levels. A review of the organisational development literature suggests that incompatibility may arise for a number of reasons. Firstly, individuals participating in an organisation may bring a diversity of goals which could result in intra-membership incompatibility where these differences are too great to be easily reconciled (Moller and Wilson 1988; Pfeffer 1981). These may reflect differences in outlook, size, structure and processes of the organisations who belong to collaborative associations. It is suggested, for example, that as organisations grow, their culture, reflected in values and objectives change (Handy 1994). Secondly, research suggests that commercial relationships, like interpersonal relationships go through a life-cycle (Dwyer, Schurr and Oh 1987; Ford 1981). In this process, partners may go through an initial stage of forming, followed by stages of developing norms of behaviour, eventually leading to performance and possibly conflict where individuals' objectives have diverged.

H3A: Internal compatibility between members of a collaborative marketing association is increased by a close matching of organisational backgrounds of members.

5.2.4 Commitment to a collaborative tourism marketing association and its relationship to effectiveness

Commitment features prominently in the literature on relational exchange, and has been noted as a distinguishing feature of relational, as opposed to transactional exchange (Morgan and Hunt 1994; Macneil 1980). Commitment of one relational

partner to other partners has attitudinal and behavioural dimensions and represents a pre-disposition of each partner to continue transactions with other partners. Three dimensions of commitment were identified by Gundlach, Achrol and Mentzer (1995). These were: instrumental commitment (comprising dedicated investments which become specific to a relationship); affective commitment (which recognises that mere repetitious behaviour alone does not imply a strong bond between partners); and a temporal dimension (implying that partners to an exchange look towards satisfying long-term, rather than short-term exchange goals).

Instrumental commitment consists of investments in assets (human, financial and operational) for which control over the resources passes to another body (Williamson 1985; Anderson and Weitz 1992). For collaborative tourism marketing associations examples of instrumental commitment are investments in joint promotional brochures, space on jointly rented stands at exhibitions and investment in a dedicated collaborative hotel reservation service for members. In many cases, committing resources to a collaborative association may be the only means by which an individual member is able to achieve certain business objectives within its resources.

Furthermore, public sector organisations who channel a large proportion of their tourism promotion budget through a collaborative association may create a distorted market in which the chosen association has advantages over other associations. Individual members may feel committed to an association primarily in order to leverage benefit from public sector financial contributions.

Affective commitment occurs where an individual has a deep-seated loyal attitude towards a partner, which pre-disposes them to favour further relationships with that partner in preference to others (Gundlach, Achrol and Mentzer 1995). It is useful to distinguish between the behavioural and affective components of commitment as partners may repetitiously undertake transactions between themselves largely because

of the lack of alternatives available, rather than because of an underlying emotional pre-disposition towards a partner (Barnes 1994). In such circumstances, collaboration can prove to be unstable where environmental change reduces the economic bonds committing an individual to a relationship, while opening up new relationship possibilities.

The development of affective commitment to a collaborative organisation may be facilitated by the development of social bonds between members. Such bonds rest upon a foundation of interpersonal contacts and have been considered to be critical to the establishment of close, long-term relationships (Hakansson and Ostberg 1975, Campbell 1985, Cunningham and Turnbull 1982, Swan, Trawick and Silva 1985). Social bonds facilitate communication between members and joint problem solving and, over time, help to build mutual trust which serves as a risk reduction mechanism (Hakansson and Ostberg 1975, Ford 1981). For many collaborative tourism marketing associations, social bonds may be an important means of information gathering and networking to secure new business from other members.

Commitment has a temporal dimension, in that commitment must be considered in the context of a time period over which partners seek commitment (Gundlach, Achrol and Mentzer 1995; Morgan and Hunt 1994). Partners may see a commercial relationship in terms of different time horizons. For example, one member of a collaborative tourism association may view commitment as a short-term issue to produce short-term sales benefits, whereas another may see membership of an association as part of a long-term business strategy which it wishes to be committed to.

In any study of inter- or intra-organisational relationships, commitment can be seen as both an antecedent of effective collaboration, and as an outcome measure of that effectiveness (Morgan and Hunt 1994; Gundlach, Achrol and Mentzer 1995). A

number of studies have shown a virtuous circle which can be created where trust between partners contributes to the development of commitment which in turn deepens trust, thus leading to a still greater level of commitment (Morgan and Hunt 1994; Dwyer, Schurr and Oh 1987).

As an indicator of the outcome of the relationship development process, commitment can be measured behaviourally and attitudinally. Behavioural measures typically focus on the frequency with which transactions are repeated, either in absolute terms, or as a percentage of an individual's total transactions within a particular category area (Reichheld and Sasser 1990; Christopher, Payne and Ballantyne 1991). The principal limitation of these approaches is their confusion of mere repetitious behaviour with commitment based on underlying loyalty (Dick and Basu 1994; Barnes 1994). Affective measures of commitment can give a better understanding of the ability of a relationship to withstand environmental change, and to facilitate conflict resolution where problems in a relationship are encountered (Kaufmann and Stern 1992; Kelley and Davis 1994).

The effects of prior commitment to a relationship on the development and effectiveness of that relationship is dependent upon the nature of the antecedent commitment. Where the commitment is represented by technical, legal or economic bonds (Turnbull and Wilson 1989; Liljander and Strandvik 1995), commitment may act as a short term constraint on opportunistic behaviour rather than as a means of developing deep seated affective commitment (Barnes 1994; Dick and Basu 1994). Affective commitment can be expected to improve performance outcomes of a relationship (Richard and Adrian 1995).

In this research, outcome commitment is reduced to a single construct which combines instrumental, affective and temporal dimensions. Of interest here is the role of

commitment in contributing to the perceived effectiveness of an association's outcomes. It is hypothesised that there is a correlation between antecedent commitment and outcome effectiveness of a collaborative association organisation. Based on a review of the literature on commitment in commercial relationships, it is hypothesised that antecedent commitment contributes positively to outcome effectiveness.

H4: A high level of antecedent commitment by members of a collaborative association is positively associated with its effectiveness

Reciprocity and commitment

The level of reciprocity between relational partners has been linked to the development of affective commitment, with the suggestion that a party who does not have benefits reciprocated will show a loss of commitment to a relationship (although technical, economic and legal bonds may still tie their behaviour to it). Equity theory has been used to argue that commercial partners who feel that they are getting a better ratio of benefits to costs than their exchange partner will feel a greater sense of commitment to that partner (Goodwin and Ross 1992; Kelley and Davis 1994).

Reciprocity of credible commitments can have the effect of creating a self-enforcing agreement and thereby facilitating bi-lateral governance (Kreps 1990; Anderson and Weitz 1992). For example, small business members of a collaborative tourism association may be reluctant to invest in a campaign to jointly promote their area as a tourist destination when they see a lack of commitment to the campaign from larger hotel members, who stand to gain significant benefit without committing themselves to any of the associated costs.

In this research, it is hypothesised that members' antecedent commitment to an association is positively associated with their perceived level of reciprocity with the association.

H4A: Commitment to a collaborative tourism marketing association is positively related to the level of reciprocity between members

5.2.5 A proposed model

A model portraying the principal hypotheses to be tested is shown in Figure 5.1. The principal linkages and the direction of the hypothesised relationships between variables are indicated. Where a positive or negative relationship is hypothesised, this is indicated with a "+" or a "-".

This model represents an interpretation of the literature which is relevant to collaborative marketing where the product is poorly defined and externalities are high. Alternative model specifications can be hypothesised, for example "compatibility" may directly influence "commitment" or "governance", and only indirectly influence "effectiveness". Alternative models are discussed in the following chapter in terms of improvements to model performance which result from re-specification.

Issues raised in specifying the variables to be included in the model are discussed below.

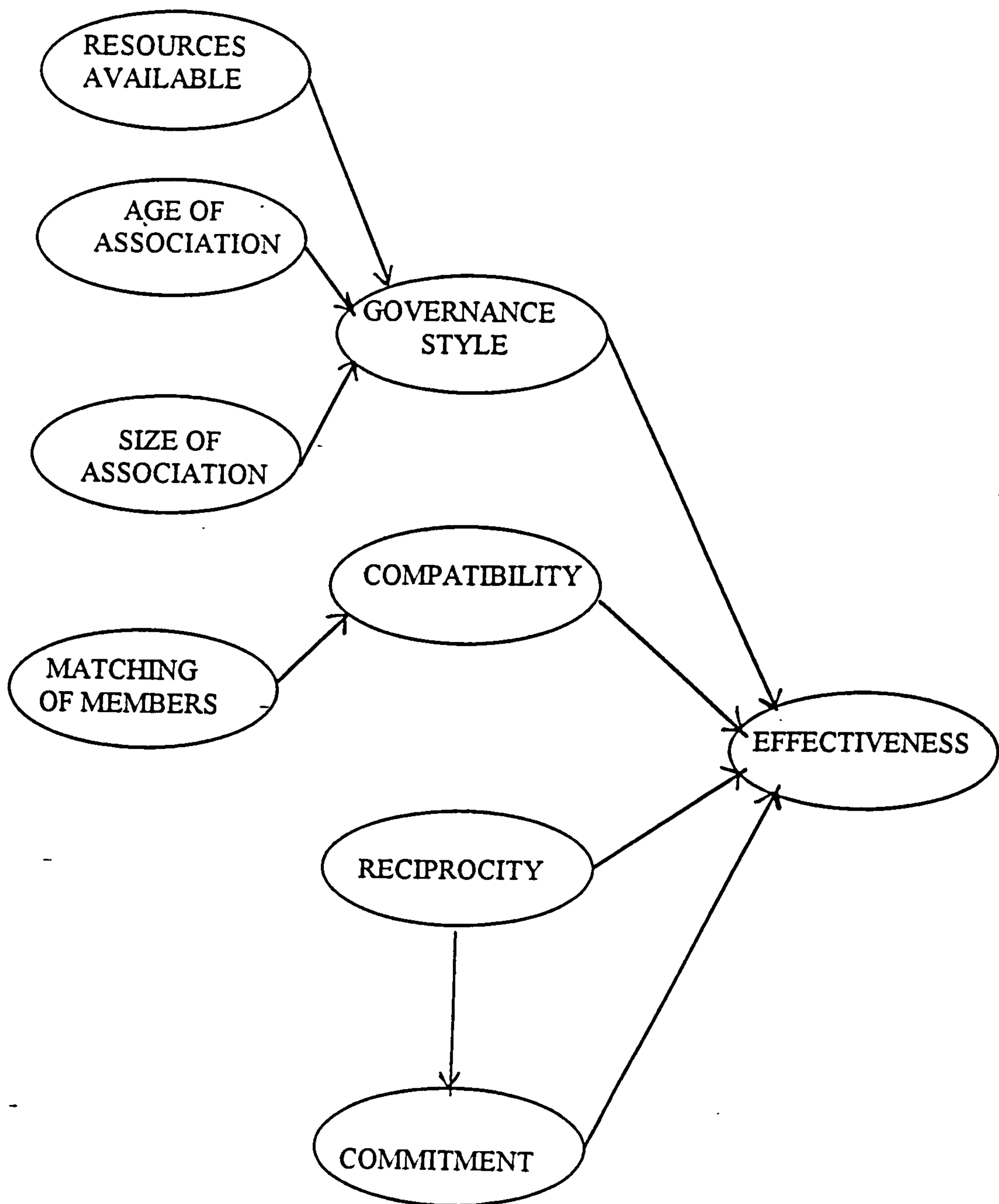


Figure 5.1 A proposed model of antecedents of effectiveness for collaborative tourism marketing associations

5.3 RESEARCH METHODOLOGY

In developing a methodology to test the hypotheses described above, importance was attached to the need for a methodology to be rigorous and diverse in its approach. The following sections describe the development of the methodology in terms of the choice of data collection methods and the philosophical principles underlying the subsequent analysis. The detailed procedures adopted for analysing the data are considered in the following chapter.

The study focused on members of tourism associations as the unit of analysis. However, this was supplemented by more limited research of senior officers of a sample of associations. For the former, quantitative data collection methods were used. For the latter, a qualitative approach was adopted. This combination of quantitative and qualitative approaches contributed to the diversity of research methods and also thereby to the robustness of the analysis. The qualitative research contributed to the development of the larger scale quantitative research. It also facilitated the subsequent interpretation of the quantitative research.

In the following sections, the methodology adopted for the two types of research is described.

5.4 QUALITATIVE RESEARCH

A traditional distinction is drawn between qualitative and quantitative research techniques. Qualitative techniques focus on depth of understanding obtained from a relatively small sample of respondents, while quantitative techniques tend to obtain larger sample sizes, but can fail to probe deeply into the meanings attached to responses. In reality, qualitative and qualitative techniques are at opposite ends of a

continuum, with many research techniques combining the characteristics of each approach.

The relative importance of qualitative research techniques has been rising, with some estimates suggesting that up to one quarter of all expenditure on marketing research takes the form of qualitative research (Goldman and McDonald 1987; Advertising Research Foundation 1985). While much of this growth has been accounted for by the increasing popularity of consumer focus groups, the one-to-one interview has also been seen as an increasingly important means of gathering information which has depth (Merton, Fiske and Kendal 1990).

Despite the rising popularity of qualitative research, this approach has its weaknesses. The most serious weakness is that qualitative research, because it tends to be time consuming and therefore expensive to undertake, relies on small sample sizes which may not accurately represent the population being studied. While this can also be true of poorly sampled quantitative studies, the generally small sample sizes of qualitative research often prevents the inference of statistical significance in the results obtained. A second major problem is the need to subjectively interpret the information produced from qualitative surveys. Numerous attempts have been made to introduce relatively objective approaches to analysis of qualitative data, for example through content analysis (Fielding and Lee 1991). However, the scientific legitimacy of much qualitative research is challenged by problems in reproducing similar outcomes when a research exercise is repeated by a second person. While a well designed quantitative study will leave little scope for the researcher to bias the results through personal interpretation, writing up an unstructured discussion and identifying key concepts mentioned by respondents generally involves considerable judgement by the researcher.

Qualitative research was used in this study for two principal purposes: to guide the development of the subsequent quantitative research; and to provide an insight into the activities of tourism marketing associations which would be difficult to achieve solely through quantitative research.

5.4.1 Operationalising the qualitative research

The qualitative research was conducted with senior officers of a sample of 6 local tourism associations. These represent 6 of the 13 tourism associations selected for further analysis in the quantitative survey. Details of how these 13 associations were selected are described in the section covering the methodology of the quantitative analysis. Senior officers were selected from the associations to fairly represent the apparent diversity of associations, thus 2 representatives each were randomly drawn from small, medium and larger sized associations.

The target respondent for the qualitative research was the person taking the role of chairman of an association. Where it was not possible to identify or contact this person, a membership officer or administrator was sought. The final sample of interviewees represented a range of positions within their associations. This was seen as an opportunity rather than a problem, as it allowed the perspectives of a number of types of people to be recorded. This was exploratory research and the fact that the role of the key informant differed between organisations was not regarded as a problem. Details of respondents interviewed for the qualitative research are shown in Appendix 1.

Survey research comprised a semi-structured one-to-one interview. Consideration was given to bringing together a sample of association officers to form a focus group. The principal advantage of this approach would be to encourage the development and

cross-fertilisation of ideas among group members which might otherwise have been unexploited within the confines of a one-to-one interview. Against this, there were philosophical and pragmatic arguments against developing a focus group for this study. The philosophical objections to focus groups centre around observations that such groups are often wasteful of time and can easily spend excessive time discussing subjects which are of peripheral interest to the researcher, but developed as key discussion topics by members of the group (Levy 1979). With individual interviews, it is easier for the researcher to moderate the amount of time spent discussing any particular issue. A second philosophical objection to focus groups concerns the possible desire of participants to respond in a manner which is moderated by the expectations of their peer group. Thus while group interaction can release a process of creative brainstorming, it can also lead to uniformity in responses (McCracken 1988).

The principal pragmatic objection to the use of focus groups is the cost and difficulty of getting geographically dispersed individuals together in one place. Senior officials of tourism associations who were sought for this study usually have a full-time job managing their business and it was felt that a substantial incentive would be needed in order to attract them to take part in research of this nature. Consideration had been given to trying to organise a focus group in connection with a major trade exhibition which many of the target sample would be likely to attend (for example, the London World Travel Market). The logistics of trying to achieve this appeared to be too great. Therefore, for both philosophical and pragmatic reasons, a series of one to one interviews was preferred over focus group discussions.

Interviews with selected association officers were conducted during September/October 1994. A checklist of information to be elicited was used during the interview. A copy of this checklist is shown in Appendix 2. The main headings for discussion are summarised below:

- i. basic characteristics of the association (e.g. size of membership, membership fees charged)
- ii. the objectives of the association (e.g. the importance of marketing as distinct from social and political objectives)
- iii. the nature of interaction between members of the association (e.g. the formality of structures and processes)
- iv. the key strengths and weaknesses of the association as perceived by the respondent
- v. any current issues relating to the association which were attracting attention from members

The information obtained from this part of the research was incorporated into the design of the questionnaire survey of members which is described in the following sections. The information was also used at a later stage to interpret the questionnaire survey and to draw conclusions from the study.

5.5 QUANTITATIVE RESEARCH

The bulk of the research for this study used quantitative techniques. In contrast to the earlier qualitative research, the quantitative research was targeted at the members of tourism associations, rather than solely their senior officers. The main advantage of using quantitative techniques is the greater objectivity claimed for their results. In this research, it was possible to study the behaviour and attitudes of a significantly larger

sample of the population than was possible with qualitative interview techniques. The qualitative research was only able to report on the views of a small number of association officers, which may not necessarily coincide with the views of the bulk of association members.

The quantitative research technique employed in this study was a questionnaire survey. This was distributed by mail and the procedures adopted for designing the questionnaire and defining a sample to be surveyed are described in the following sections.

5.5.1 Questionnaire design - scale development

Scale items used in the model (Figure 5.1) were based on a combination of single and multiple item scales. The dependent and independent variables for the four principal hypotheses were conceptualised as uni-dimensional constructs based on multiple item scales. Variables for the subsidiary hypotheses were based on single item measures. In total, four multiple-item constructs were used to measure independent variables, one multiple item scale was used to measure the dependent variable and six single-item constructs used to measure the independent variables associated with the subsidiary hypotheses.

In developing scale measures for the dependent and independent variables of the proposed model, guidance was taken from the principles proposed by Churchill (1979). Following a search of both the relevant academic and practitioner literature, the exploratory qualitative interviews were conducted with a sample of association members. Information gained in this way enabled the development of "a set of items that tap each of the dimensions of the construct at issue" (Churchill 1979, p68).

Wherever possible, independent variables specified in the model were based on

previously validated scale items. The literature review revealed no previously used scales which had been validated in the context of UK tourism marketing associations. The nearest appropriate scales were based on studies of industrial alliances and buyer-seller relationships using samples in the United States. The nature of the relationships between respondents in these studies may have differed significantly from that which typifies exchanges between members of a tourism marketing association. Furthermore, the cultural context of United States respondents may influence construct validity compared to application of similar scale items in a UK cultural context.

5.5.2 Operationalising the scale items

In the following sections, scale items used as indicators of the hypothesised underlying constructs are discussed. The number preceding each scale refers to the question number used in the postal questionnaire (reproduced in Appendix 3).

Effectiveness of the association

Problems occur in trying to specify a variable to measure the performance outcome of a collaborative tourism association. Two basic measures of performance are based on efficiency and effectiveness. Efficiency can be defined in terms of an organisation's success in turning inputs into outputs, while effectiveness is the level of success in producing a desired result (Kotler 1994). In a competitive market place, an efficient business cannot succeed if it is efficient at doing the wrong things - i.e. it is ineffective.

A further problem arises in defining which goals should be used for measuring efficiency and effectiveness. For relatively small collaborative tourism associations, goals may not be specified in any great detail. Directional goals may be more significant than quantified goals against which performance can subsequently be

evaluated (for example a goal may be "to promote the number of visitors staying overnight in the area" rather than "to increase overnight stays by x%"). The difficulty in identifying official goals of collaborative tourism marketing associations does not preclude individual members having their own goals with regard to what they seek from the association. There is, however, again a problem of identifying a common set of goals based on the summation of individual members' goals. Members may differ in terms of the timeliness of their goals (for example, some may see membership as a means of achieving short term sales goals, while others see it as part of long-term marketing strategy) as well as the nature of the goals which are considered to be important. Clearly defined promotional goals may be important to some members, whereas other members may join an association in order to achieve a more informal goal of developing their network of business contacts.

Organisational effectiveness can be measured using the goal model approach or the systems resource approach. The former is expressed in terms of the extent to which specified goals are surpassed, for example a tourism association which surpassed its goal of increasing the number of bed-nights spent at its members' hotels during a specified period may be considered to be effective in meeting this particular goal.

Whether its policy has been effective overall will depend upon the extent to which this represented an important goal. The association may have been effective at increasing the number of bed nights purchased, but may have been ineffective in a higher order goal of, say, changing long-term public attitudes towards its area as a tourism destination.

The systems resource approach defines effectiveness as the degree to which an organisation is successful in acquiring and utilising scarce resources. More effective organisations survive because they can maintain a greater intake of resources than is required to produce their output. In the context of a collaborative tourism marketing

association, winning funding from public bodies and membership subscriptions may be seen as an important indicator of an association's effectiveness.

The alternative measure of performance - efficiency - is difficult to operationalise in the context of collaborative tourism associations. Efficiency measures focus on the ratio of an organisation's inputs to its outputs. Many of an association's inputs can usually be measured reasonably well, for example, total expenditure on advertising or the cost of hiring space at an exhibition. However, there are typically many other inputs which are more difficult to measure. Most tourism associations employ few, if any staff and human resource inputs (e.g. to staff an exhibition stand) are generally provided by a rota of members. Members who commit their own human and operational resources to the activities of the association will usually be doing so partly for the benefit of the association's members generally, and also for their own personal business interests. It can therefore be difficult to measure the input side of an efficiency ratio.

On the other side of the efficiency equation, problems are encountered in measuring output. If they could be operationalised, principal efficiency ratios to evaluate collaborative tourism marketing associations might include advertising efficiency; administration costs per member and the operating efficiency of members (e.g. bed occupancy rates of hotel members). Problems in operationalising such measures principally derive from the presence of extraneous factors which could explain the outcome being measured. For example, there is considerable empirical research which has demonstrated the difficulties of evaluating advertising effectiveness when extraneous non-advertising induced phenomena could account for the outcome observed (e.g. Krugman 1975; Rust 1986). The fact that collaborative tourism associations generally complement the ongoing activities of members complicates the issue of isolating the outcomes which can be attributed solely to their efforts.

The principal performance outcome of a collaborative tourism marketing association was therefore measured in terms of its effectiveness as perceived by members. This does not necessarily mean that an independent observer would share a similar view about effectiveness as members themselves. An inward looking definition of effectiveness is preferred to one which approaches effectiveness from an external vantage point for the following reasons:

- i. there is difficulty in conceptualising objective measurements of effectiveness which could be operationalised as a series of scale items
- ii. the systems resource approach to measuring effectiveness would hold that an association which was failing to be effective as perceived by its members will lose valuable resources in the form of members' financial, human and operational resource inputs. Without these, the association may not be able to continue its activities.

Scale items were developed which reflected members' perceptions of their association's effectiveness. They were based on those previously used by Bucklin and Sengupta (1993) and validated in a study of 98 industrial co-marketing alliances in the United States. These were adapted to suit the specific circumstances of collaborative tourism marketing alliances, based on comments from officers of tourism marketing associations. The scale items for effectiveness included in the quantitative analysis were:

Q8. "The relationship between our business and the association has been productive"

Q11. "The time and effort spent in developing and maintaining the relationship between our organisation and the association has been worthwhile"

Q12. "The relationship between our business and the association has been satisfactory"

Q13. "The association has enhanced the value of our output to end-users"

Q14. "The association has given us access to important new markets"

Q15. "Membership of the association has enhanced our credibility in the marketplace"

Numbers refer to question numbers used in the resulting questionnaire. The items were measured using a 5 point Likert scale with responses ranging from "Strongly agree" to "Strongly disagree", with a separate response option of "not applicable".

Governance style

The following scales were used to measure the formality of the governance system adopted by collaborative tourism marketing associations. They are based on scale items developed by Ruekert and Walker (1987) and replicated by Bucklin and Sengupta (1993).

The items were measured using a 5 point Likert scale with responses ranging from "Strongly agree" to "Strongly disagree", with a separate response option of "not applicable".

Q18. "I consider the association to be based on a shared informal understanding rather than written terms and conditions."

Q19. "Standard operating procedures are required which must be adopted by all members of the association."

Q20. "The association has an efficient and effective secretariat."

Q27. "The history of relations between our firm and the association can be characterised as stable and enduring."

Q29. "We are able to openly discuss with other members of the association on the way we should go about collaboration."

Reciprocity

For this measurement scale, matched pairs of scale items were developed to assess the extent to which respondents perceived reciprocity in their dealings with the association, based on the notion that reciprocity is instrumental in sustaining inter-organisational relationships (Bagozzi 1995).

The scale items were based on those previously validated by Gaski (1984) and Bucklin and Sengupta (1993). The first set of matched questions was based on general statements of reciprocation of responsibilities and commitments. Five further scales matched respondents' perceived contribution to the association with their perception of the contribution of the association to their own business in respect of specific marketing activities. These were in relation to promotion, pricing policies,

commissioning of marketing research and the development of collective new facilities (e.g. improved local transport facilities).

The items were measured using a 5 point Likert scale with responses ranging from "Strongly agree" to "Strongly disagree", with a separate response option of "not applicable".

Q9. "The association has carried out its responsibilities and commitments in accordance with my expectations"

Q10. "We have carried out our responsibilities and commitments in accordance with the expectations of the association"

Q16. "Our business has influenced the association's policy with respect to:

- a) collective promotion
- b) pricing policies adopted by member associations
- c) commissioning of marketing research
- d) the development of collective new facilities (e.g. improved local transport facilities)"

Q17. "The association has influenced the policies of this business with respect to:

- a) the way we promote our business
- b) pricing policies adopted by us
- c) marketing research commissioned by us
- d) development of new facilities by us"

Note: The following items were matched and a score calculated based on the difference between the two: 9 and 10; 16a and 17a; 16b and 17b; 16c and 17c; 16d and 17d.

Organisational compatibility

The construct of organisational compatibility is a reflection of the complementarity of members' goals and objectives and the similarity of their business philosophies and core cultural values. Compatibility may have been a criterion used by members when deciding whether to join an association, or it may have become apparent during the course of membership. A behavioural outcome of incompatibility between members is conflict and an item recording recent conflict between respondents and their association was included. Scale items were based on those previously validated by Ruekert and Walker (1987) and Van de Ven and Ferry (1980), in the context of industrial alliances. They were modified for application to collaborative tourism associations.

The items were measured using a 5 point Likert scale with responses ranging from "Strongly agree" to "Strongly disagree", with a separate response option of "not applicable".

Q21. "The goals of our organisation are consistent with those of other members of the organisation"

Q22. "The chief executives of other association members share a similar operating philosophy as ours"

Q23. "We have a management style different from that of other association members"

Q24. "Responsibility for the day-to-day operation of the association is at the proper level of the management hierarchy within member firms"

Q28. "During the past year, there have been significant disagreements or disputes between ourselves and the association"

Commitment to the association

Commitment was operationalised through its behavioural dimension, which in turn may manifest affective components of the construct. The first three scale items were adapted from scales previously validated by Bucklin and Sengupta (1993) and used Likert scales with values ranging from "strongly agree" to "strongly disagree with the statement. The fourth scale sought to measure commitment in terms of the frequency with which respondents attended meetings of the association. In so far as such meetings represented the voluntary actions of respondents, this measure could indicate an underlying affective commitment to the association. This scale used interval measures. The final scale used respondents' position within the association as an indicator of their commitment to it. A dichotomous scale was used to indicate whether the respondent held an official position within the association, the inference being that this is an indicator of commitment to the association.

Q1. "How often do you attend meetings organised by the association?"

Q4a. "Do you have an official position within the association?"

Q30. "We have made significant investments that are specific to the needs of the association"

Q31. "We can terminate our involvement in the activities of the association without penalty"

Q32. "No exclusivity clauses restrict us from joining other associations"

Operationalising scales to test subsidiary hypotheses

Additional scales were used to collect information to test the subsidiary hypotheses. Constructs were operationalised using the following scales:

Financial resources available to an association: two scales were used to operationalise this measure. The first sought information on the actual annual membership fees paid by members to their association. The second recorded whether the association received a grant from a local authority. This was measured using a dichotomous scale. A pilot survey had indicated that members would have difficulty in stating how much grant was received by their association, so this question was limited to a dichotomous response. To cross check this, information on the actual amount (if any) received was obtained during the course of the qualitative research into representatives of the association.

Administrative resources: A dichotomous response was sought to the question "Does the association have an official, paid secretariat?".

Members' length of membership: The actual length of membership was recorded in response to the question "For how many years have you been a member of the association?". The pilot survey identified measurement problems in one association where a re-structuring and name change had occurred, leaving ambiguity about

whether membership dated from joining the original association, or from the date of creation of the reformed association. The questionnaire sought responses to membership of the named association in its present form.

Size of members' business: Most members of collaborative tourism marketing associations operate labour intensive businesses and the number of employees is a useful indicator of the size of a business. It also avoids problems of confidentiality which can impede efforts to develop indicators of size which are based on sales turnover, financial assets or profitability. The form of the question was "What is the size of your business in terms of the number of full-time equivalent people employed?". The form of the question recognises the importance of part-time employment in the tourism sector and the distorting effect which an unadjusted total number of employees could have had on comparability.

5.6 DATA COLLECTION

The design of a sample frame was guided by the objective of studying the *marketing* effectiveness of collaborative tourism associations. The requirement was to study internal factors within an association which could explain marketing effectiveness, rather than exogenous factors which could explain why an association in one area had achieved more than one in another area. To control for exogenous factors, the following criteria were developed for the selection of the study sample:

- i. associations should be located in an area where tourism is seen by the community at large as an opportunity which requires effort to exploit. All associations in the sample were located in areas where public and private sector organisations had made some efforts to encourage inward tourism.

- ii. "tourism association" was interpreted as an association whose membership was made up predominantly of businesses involved in tourism-related activities. General purpose traders' associations, such as local Chambers of Trade or Chambers of Commerce were therefore excluded from the sample frame.
- iii. associations should confine their membership to local areas, defined as an area no larger than that covered by a typical County Council.
- iv. associations must have marketing objectives, however formally or informally these are stated. Associations which were formed essentially as pressure groups (for example, to lobby against proposed traffic schemes) were therefore excluded from the sample frame.
- v. "arms length" companies created by local authorities and principal tourism operators in an area were excluded. In many cases, such partnerships had been created to operate independently of a sponsoring local authority. However, it was not always easy to determine the autonomy enjoyed by the organisation and the extent to which tourism operators felt a sense of ownership over it.
- vi. to control for differences in business culture environments, the sample was confined to those operating in the United Kingdom.
- vii. to facilitate data collection, the sample frame was confined to an area within 250 kilometres of Leicester.

The population of collaborative tourism marketing associations which met the selection criteria was estimated using travel trade sources. These included a visit to the World Travel Market in London; consulting records held by the British Tourist

Authority; studying literature produced by Regional Tourist Boards and local authorities; and enquiries to Tourist Information Offices. There is no central record of local tourism marketing associations, reflecting their purely local role and the diversity of forms that they can take.

It is difficult to accurately estimate the population size of collaborative tourism marketing associations that meet the sample selection criteria. From the available evidence, the total population size was estimated as 87.

A sample of 13 associations was selected from the population total, representing 14.9% of the estimated population. Associations were stratified into three size categories (small, medium and large) and 5 small, 4 medium and 5 large associations selected. The selection of associations was influenced by the availability of membership lists. It should be recognised that this could introduce some bias to the sample, as it favoured those associations which were sufficiently formal to have a published membership list (although in many cases, membership lists were not in general circulation and had to be specifically requested for the purpose of this study). One outcome of the interviews with association officers was to obtain a list of members of their respective associations.

5.6.1 Questionnaire piloting

Scale items were developed in the manner described above. To test the effectiveness of their operationalisation, a pilot questionnaire was sent to 50 members of the sample of members described below. A number of minor ambiguities were picked up from respondents' initial responses. The question relating to respondents' reasons for joining their association did not appear to be clear as to whether the most important reason was sought from respondents, or all possible reasons. The question was subsequently

amended to make clear that the question sought all reasons considered important by the respondent. A second minor point related to the coding of responses. Insufficient space had been allowed for coding the name of the respondent's association and this was subsequently amended.

In view of the minor changes which were made following the pilot survey, it was decided to retain the responses to the pilot questionnaire for use in the subsequent analysis of the substantive survey. This was dispatched one month after the pilot survey.

5.7 DEFINING THE SAMPLE OF ASSOCIATION MEMBERS

The main part of the research focused on individual members of an association as the study unit, rather than the association as a corporate entity. Membership lists for the sample of associations were obtained in the manner described above. The members' questionnaire was sent to all members on the membership list. Membership typically comprised business units ranging from owner managed guest houses to international hotel chains. Concerns have been raised regarding whether it is appropriate to aggregate business-level data between independent business units and those participating in multiple business enterprises (Pitts and Hopkins 1982; Rumelt 1974). It was decided to retain all members in the sample as one of the research objectives was to study intra-organisational compatibility.

A total of 671 questionnaires were sent to members of the sample of associations during December 1994. The number of questionnaires sent to members belonging to each of the study associations is shown in Table 5.1. The questionnaire was addressed to the proprietor of the selected businesses, or the marketing manager where such a role could be identified. Consistent with findings and recommendations in the

literature, these key informants were identified as appropriate sources in providing valid data regarding marketing activities in relation to their local tourism association (Golden 1992; Huber and Power 1985).

A total of 172 usable responses was received, representing a 25.6% response rate. This response rate should be regarded as reasonable when comparative levels of response rates for unassisted completion of postal questionnaires is considered to be typically in the region of 25-30% (Kent 1993). A number of reasons can be identified for this apparently reasonable level of response:

- i. piloting of the questionnaire had reduced a number of points of ambiguity
- ii. by means of sponsorship, a small prize was offered to one respondent drawn at random on a specified closing date. There is evidence that incentives such as prize draws can improve response rates for postal questionnaires (Mouncey 1996).
- iii. the questionnaire was sent out at a time of year when respondents were likely to be least busy in their business activities. It is unlikely that such a high response rate would have been achieved during peak months for tourism.
- iv. No questions were asked which would force respondents to reveal commercially confidential information. Furthermore, respondents were invited to omit questions which they were unable or unwilling to answer. The absence of commercially sensitive questions probably contributed to the favourable response rate.
- v. Respondents were given the option of withholding their identity, although this made them ineligible for the prize draw.

An analysis of responses by association is shown in Table 5.1.

Table 5.1 Membership size and response rate for the sample of local tourism associations

Name of Association	Size of Membership	No. of Responses	Response Rate (%)
Bath Hotels and Restaurants Association	87	29	33.3
Association of Bath Leisure Enterprises	41	16	39.0
Bath Independent Guest Houses Association	80	22	27.5
Bristol Tourist Attractions Association	34	4	11.8
Warminster Tourism Association	26	6	23.0
Wansdyke Tourism Association	22	4	18.1
Coventry Area Visitor and Conference Association	103	15	14.6
Shakespeare Country Assoc. of Tourist Attractions	102	11	10.8
Guild of Guide Lecturers (Bath)	25	6	24.0
Nuneaton Tourism Association	20	4	20.0
White Cliffs Dover Hotel and Guest House Group	34	11	32.3
South Hampshire Tourism Group	59	12	20.3
Gtr. York Assoc. of Hotels and Guest Houses	38	24	63.1
Not known		8	
TOTAL	671	172	25.6

Note: A questionnaire was sent to all members of the sample of associations

Some respondents belonged to a number of local associations. They were asked to identify the association that they considered to be most important to their business and analysis was carried out with respect to this chosen association.

5.7.1 Sample validation

A number of steps were taken to test whether the sample selected was representative of the population of tourism marketing association members. The first tests involved comparing characteristics of the sample with known characteristics of the population. The second series of tests involved comparing the characteristics of actual first-time respondents with members of the sample who did not initially respond to the questionnaire.

5.7.2 Comparison of characteristics of sample with population characteristics

The purpose of sample validation is to test whether the characteristics of the sample represent the characteristics of the population being studied. In this case, the population refers to tourism businesses who are members of local tourism marketing associations and who meet the criteria defined above in the section defining the sample frame. Unfortunately, publication of information about tourism marketing association members is usually limited to membership lists (even these are often not made generally available for public use and must be requested). Published information about the business characteristics of association members is generally absent. Sample validation can therefore only be achieved on the basis of general indicators of population and sample characteristics.

From a theoretical basis, three important indicators of sample validity can be identified:

- i. the extent to which the size of business units in the sample reflects the size of business units among the population generally
- ii. the extent to which the principal business activities of the sample corresponded to the principal business activities of the population
- iii. the extent to which respondents represented the views of officers of an association, rather than of ordinary members who could be expected to be less active in the affairs of the association.

i. Size of business units

Obtaining information about the average size of business of the population which can be compared with data collected in the survey involves estimation based on assumptions. Size of business units is most commonly defined in terms of turnover, profitability, asset capitalisation, number of employees and number of outlets. In order to improve response rates, questions relating to the financial status of respondents were not asked, so these indicators cannot be used for sample validation. The use of number of outlets as an indicator of size of business was made difficult by the absence of published indicators for the tourism industry in general. There is also a problem in principle of distinguishing chains of outlets from stand-alone outlets, with some business units, especially franchised outlets capable of being classified in either way (for example a franchisee of a hotel could either consider itself to be a single outlet business, or a part of a multiple outlet business operated by the franchisor).

Size of business organisation measured by staff size represents a more practical and theoretically sound basis for validating the sample. There is evidence that size of an organisation's workforce affects its behaviour in many ways, in particular its dominant

culture and the speed of response to environmental change (Handy 1989). Obtaining information about the number of staff employed by an organisation is relatively easy compared to information on financial aspects of size, which are more likely to be considered commercially confidential. Because of the lessened effects of reporting omissions and distortions, staff size can therefore be regarded as a relatively objective measure of organisational size. Within a specific industry sector such as tourism, this objectivity is likely to be improved by a broadly constant relationship between staff numbers and other indicators of organisational size.

There is no published information about employment totals by business unit which is specific to the tourism sector. There is, however, information relating to companies in general published in the Department of Employment Gazette (Daly and McCann 1992). This data includes an analysis of turnover by employment size. When the cumulative distribution of turnover bands in this survey is compared with the cumulative bands of turnover which are specific to the hotel industry (Keynote 1995), a broadly similar distribution is observed, given assumptions about the mid points of bands. This suggested that the size distribution of tourism business units was broadly the same as business units in general. An assumption was made that this was true for a number of other indicators, including the distribution of employment totals. The general distribution of employment size units as measured in the Employment Gazette was therefore used to validate the sample.

Table 5.2 shows the distribution of size of employment unit for the sample, as compared with the size which would be expected on the basis of the Employment Gazette data, given the assumptions made.

Table 5.2 Comparison of actual distribution of respondents' business size with expected distribution

Employment size band	% distribution expected from Employment Gazette survey	actual % distribution of sample
1-2	67.8	40.7
3-5	19.9	19.8
6-10	6.1	12.2
11-19	3.1	6.4
20-49	1.9	11.6
50-99	0.6	6.5
100-199	0.3	3.2
200-499	0.2	0.0
500-999	0.1	0.0
1000+	0.0	0.0

By this measure, it can be seen that the sample tended to under-represent very small and very large businesses and to over-represent medium sized ones. To examine whether there was any systematic bias between associations, a comparison of the average size of members' business was carried out for each association. The results, categorised by small, medium and large associations are shown in Figure 5.3. This suggested that as the size of an association increased, the average business size of its members increased. The intuitive explanation of this is that the smaller associations are found in areas characterised by a relatively low level of tourism development (for example Warminster and Nuneaton) and therefore support fewer large scale tourism related businesses. By contrast, the more intensively developed tourism areas (such as Bath and Stratford-upon-Avon) have more tourism related businesses and these businesses are more likely to represent large branches of national operators. Because of this possible explanation, it was not thought that the sample frame had been invalidated.

Table 5.3 Comparison of mean size of respondents' employment size, classified by size of association

	Average number of employees per member
Members of smaller associations (membership size of up to 39)	3.2
Members of medium sized associations (membership size of 40-79)	7.1
Members of larger associations (membership size of over 80)	8.9

ii. principal business activity

Five of the thirteen tourism associations sampled comprised groups aimed at quite specialised groups within the local tourism industry. These were most commonly hotel / guest house associations, and in one case, an association made up primarily of local tour guides. The remaining eight associations catered for a general audience of tourism industries. It is possible that responses from members of such associations could have been drawn disproportionately from particular sub-sectors of their membership.

Response bias may have resulted from subgroups having distinctive attitudes and behaviours which cause these attitudes and behaviours to be under or over represented in the sample. It is likely, for example, that general retailers who sometimes join local tourism associations will have more marginal attitudes towards the value of such associations than hotels and guest houses for whom a local association is of greater significance.

Table 5.4 Comparison of respondents' business sector with overall memberships' business sector

Business sector	Respondents		All members	
	No.	%	No.	%
Hotel/guest house	55	76.4	280	68.7
Restaurant/catering	2	2.8	37	9.1
Retailing	0	0.0	7	1.7
Leisure centre	0	0.0	8	2.0
Visitor attraction	13	18.0	67	16.5
Other	2	2.8	8	2.0
Total	72	100.0	407	100.0

Note: based on information relating to members of the following local tourism marketing associations: Association of Bath Leisure Enterprises, Bristol Tourist Attractions Association, Coventry Area Visitor and Conference Association, Nuneaton Tourism Association, Shakespeare Country Association of Tourist Attractions and South Hampshire Tourism Group, Warminster Tourism Association, Wansdyke Tourism Association.

An analysis of the eight multi-purpose tourism associations was made and members assigned to one of six industry sub-sectors (an additional category of "other" was also defined). This was undertaken for both respondents and the sample as a whole. In the case of the latter, some estimation had to be made where members appeared to be operating in more than one business sub-sector, and a judgement was made about which was the most dominant area of activity for a firm. In the postal questionnaire, respondents had been asked to classify their principal business sector using similar sector headings. A comparison of the distribution of respondents' business sector with the sectoral distribution of the total membership is shown in Table 5.4. It can be seen that the sample distribution is quite similar to the population distribution. There was some bias in favour of hotels and guest houses and against restaurants and catering

businesses, but this was felt to be a tolerable level, especially when it is considered that there are no major grounds for thinking that these two categories of respondent businesses would be predisposed to have differing views about the association of which they are a member.

iii. position in association of respondents

The responses given by the sample of respondents are likely to be influenced by the relationship which they have to their association. It may be expected that a senior officer of an association would show relatively high levels of support for their association, compared to members who hold no official position. To test for sample validity, the qualitative survey of officers of a sub-sample of six associations was used to provide indicators of the average ratio of officers to total membership. The results of this survey are indicated in Table 5.5.

Table 5.5 Analysis of officer to membership ratios of sub-sample of tourism associations

	1. No.of Officers	2.No.of Members	Ratio (1)/(2)
Bath Independent Guest Houses Association	7	80	.087
Coventry Area Visitor and Conference Association	5	103	.048
Shakespeare Country Assoc. of Tourist Attractions	8	102	.078
White Cliffs Dover Hotel and Guest House Group	4	34	.117
South Hampshire Tourism Group	5	59	.084
Gtr. York Assoc. of Hotels and Guest Houses	4	36	.111
Total	33	414	.079

The qualitative survey of association officers indicated an average probability of 0.079 that a member of an association would hold an officer position within their association. For the sample as a whole, the number of respondents reporting that they were an officer of their association was 31, from a sample total of 172 (Table 5.6). This corresponded to a 0.180 likelihood that a respondent was an officer of their association. This is significantly higher than the number which could have been expected on the basis of the qualitative pilot sample.

The percentage of respondents from an association who were officers ranged from 0% to 45%. There appeared to be no systematic way in which this variation could be explained, except for a tendency of officers of very small associations to be under-represented. It remained possible that attitudes towards larger associations may have been slightly biased towards an "official" attitude, rather than reflecting the membership as a whole.

The observed response bias could be explained by a number of factors: the initial qualitative survey could have under-estimated the number of officers by not counting individuals who perform various ex-officio duties informally (e.g. organising social events for members); similarly, many respondents could have reported that they were an officer, whereas they were performing duties for their association in a more informal capacity.

Over-representation of the views of officers need not in itself cause problems. Indeed, the high response rate from this group could be an opportunity to gather information from members of associations who have a particularly high level of involvement with their association. Such higher levels of involvement may provide improved insights into the functioning and perceived effectiveness of associations than that provided by relatively casual members. The main problem for this research would arise if significant

differences occurred between associations in the proportion of respondents who were officers of their associations, if this was correlated with some other underlying variable being investigated. Any observed differences in reported attitudes and behaviour between associations could therefore be a reflection of bias in respondents' position within their organisations rather than other hypothesised factors.

Table 5.6 Likelihood of survey respondents reporting being a member of their association.

	1. No.of officer respond- ents	2.Total no. of respond- ents	Ratio (1)/(2)
Bath Hotels and Restaurants Association	5	29	.17
Association of Bath Leisure Enterprises	6	16	.37
Bath Independent Guest Houses Association	1	22	.04
Bristol Tourist Attractions Association	0	4	.00
Warminster Tourism Association	1	6	.17
Wansdyke Tourism Association	0	4	.00
Coventry Area Visitor and Conference Association	4	15	.27
Shakespeare Country Assoc. of Tourist Attractions	5	11	.45
Guild of Guide Lecturers (Bath)	0	6	.00
Nuneaton Tourism Association	0	4	.00
White Cliffs Dover Hotel and Guest House Group	3	11	.27
South Hampshire Tourism Group	3	12	.25
Gtr. York Assoc. of Hotels and Guest Houses	1	24	.04
Not known	2	8	.25
TOTAL	31	172	.18

Because there appeared to be no major systematic bias in the officer representation, it was decided to proceed with the sample, but to bear in mind the above observations at the stage of drawing conclusions.

5.7.3 Analysis of non-response bias

74.4% of all questionnaires sent to members of the sample did not initially produce a response. A non-response could result from a number of factors, including inaccurate addressing of the questionnaire; the respondent having gone out of business; or the respondent not wishing to participate in the survey. The first two causes of non-response would most likely be randomly distributed across all members of the sample and their omission would therefore cause little bias in the information obtained.

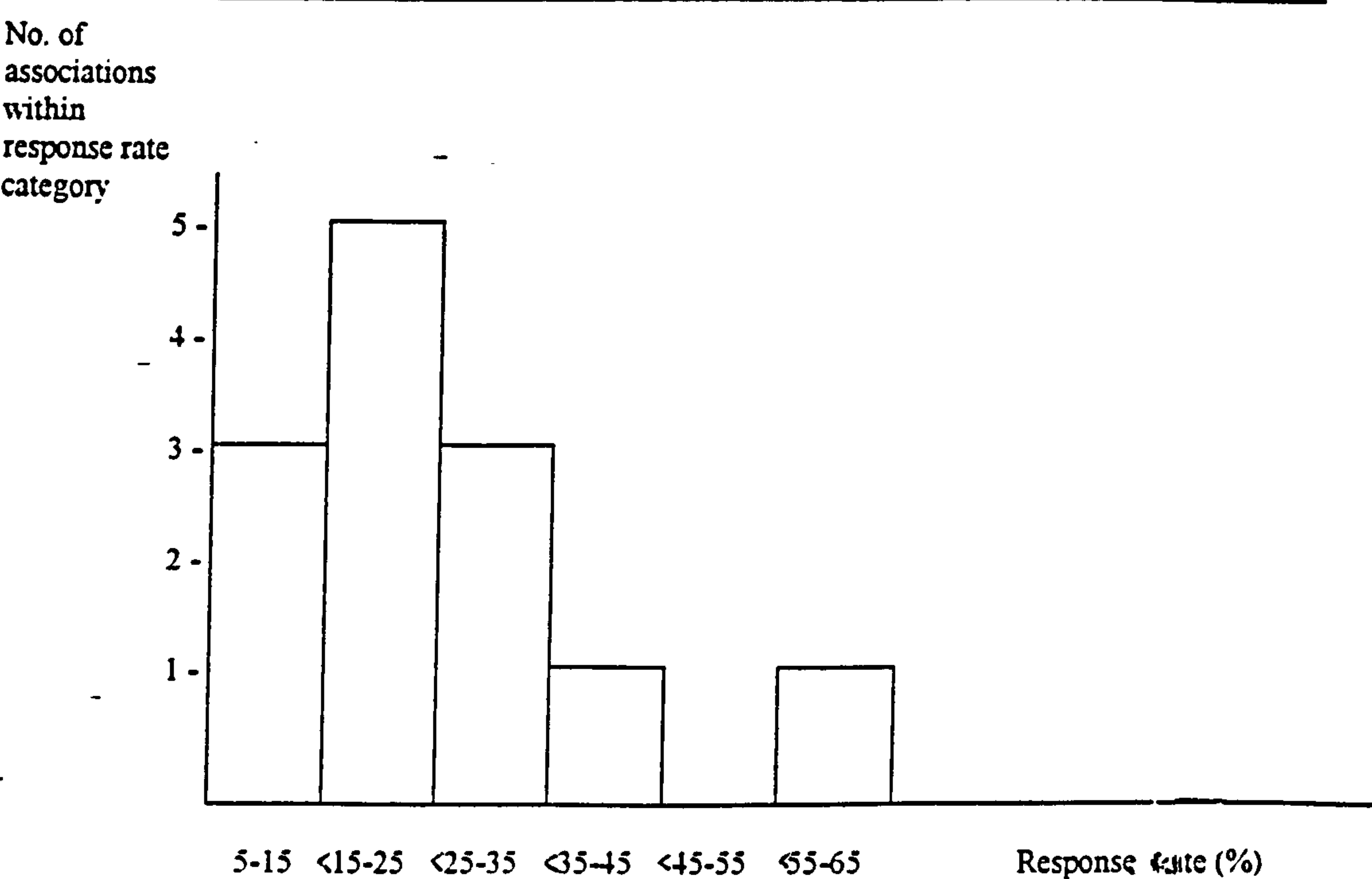


Figure 5.2 Distribution of response rates between associations

However, non-response caused by individuals' unwillingness to co-operate could present a more serious bias. It is quite possible that the behavioural act of non-response is indicative of attitudes which distinguish non-responders from responders.

Two tests were performed to investigate non-response bias. Firstly, the response rates for each association were compared. From Table 5.1 it is evident that the majority of response rates fell in the range 10 - 30%. These are shown graphically in Figure 5.2 and follow a fairly normal distribution. There was no evidence of systematic bias between different types of association.

A second test sought to compare the responses of respondents with initial non-respondents. It is always difficult to establish characteristics of non-respondents, because, by definition, many would never wish to disclose information. Any tests for differences between respondents and non-respondents should therefore be seen more correctly as being between respondents and initial non-respondents. The characteristics of "never" respondents may not be ascertained.

To test whether non-response was indicative of differences in members' characteristics, compared to respondents, initial non-respondent members of one association (Coventry Area Visitor and Conference Association) were presented with a slightly modified questionnaire for a second time. This association had a response rate which was slightly below the average for all associations, but the absolute number of responses permitted tests for significance between respondents and initial non-respondents to be undertaken.

The repeat administration of the questionnaire was undertaken approximately nine months after the initial administration. During the intervening period, shifts in respondents' characteristics, attitudes and behaviour could have occurred, thereby

impeding attempts to isolate non-response bias. No factors in the national political/social/economic environment were known to have occurred which might have accounted for changes in attitudes and behaviour relevant to the issues contained in the questionnaire. The repeated questionnaire was identical to the original except for two points: firstly, the covering letter instructions asked recipients not to respond if they had previously done so; and secondly, there was no prize draw incentive for respondents.

To test the hypothesis that there was no difference in the characteristics of first-time respondents and initial non-respondents, responses to questions about the basic characteristics (e.g. size of business, length of time in business) of respondents were compared. A t-test for equality of means was undertaken and Table 5.6 shows the t-test statistic and 2-tailed level of significance in respect of some of the principal defining characteristics of respondents.

It can be seen from Table 5.7 that there appeared to be a number of differences between the characteristics of first-time respondents and initial non-respondents. First-time respondents were more likely than initial non-respondents to hold an official position with their association and were more likely to represent longer-established businesses. There was no significant difference in the number of meetings of the association that the two groups reported attending, or the size of respondents' businesses.

A further analysis of responses to the 25 scale item questions showed that there was no significant difference (at $p=0.05$) in responses for 17 of the 25 items. In view of the small sample sizes, which influenced the statistical significance of the t-test, this result should be regarded as satisfactory evidence that the observed differences in

respondents' characteristics were not necessarily related to differences in their attitudes or behaviour.

Table 5.7 Comparison of mean values of responses to questions for first-time responders and initial non-responders

Question/ Item	First-time respondents		Initial non- respond -ents		T test 2-tail statistic sig. for equality of means	
	Mean	SD	Mean	SD		
Q1 (Frequency of attending meetings)	2.7	.90	2.71	.7	-.12	.905
Q3 (Length of membership)	5.6	2.0	4.0	1.3	1.90	.072
Q33 (Size of respondent's business)	8.6	15.4	3.3	1.2	0.90	.379
Q34 (Length of time in business)	8.2	6.6	11.4	8.6	0.95	.354
Likelihood of respondent being an officer of their association:	26.7%		14.2%			

v. Other possible sources of sample bias

What are thought to have been the most likely sources of sample bias have now been discussed, but there is always the possibility that bias could still be present in the sample. The following were considered to be possible sources of bias:

- i. the demographic characteristics of respondents (e.g. whether the sample misrepresented age groups or genders relative to their importance in the decision making units of organisations within the population). It may be possible, for example, that elderly females completing the questionnaire were more likely to be favourably pre-disposed towards notions of collaboration than young male respondents.
- ii. the length of time that respondents had been in business
- iii. the length of time that respondents had been members of their association

In each case, it was not possible to identify statistics relating to the population from which the sample was drawn. In the case of respondents' demographic characteristics, it was felt that collecting this information would add no useful purpose and might reduce response rates. In all cases, it was reasonable to make an assumption that any bias relative to the population should be uniformly distributed among the sample, and so should not therefore invalidate comparison between associations.

5.8 MISSING OBSERVATIONS

Of 172 completed questionnaires, 118 had complete answers to all questions. The remaining questionnaires had missing values which affected from 1 variable up to a maximum of 12 variables. The distribution of these missing responses is shown in Table 5.8. These figures exclude instances where a response was missing but a response could be accurately assigned (for example a missing response to the question asking what position a respondent held in their association could be completed as "none" where the respondent had indicated that they do not have an official position in the association).

Table 5.8 Distribution of missing values from sample of respondents

	Number of cases	% of total cases
0 missing values	118	68.6
1 missing value	30	17.4
2 missing values	15	8.7
3 missing values	5	2.9
4 missing values	3	1.7
5 or more missing values	1	0.5
Total	172	100.0

A missing value represents a waste of data where a case gives substantial observation about a respondent, but is rejected because responses to a small number of questions are incomplete. In the subsequent analysis, a reduced number of observations lowers the degrees of freedom and hence the statistical significance of tests of hypotheses. A number of approaches have been suggested for substituting values for missing data, thereby allowing a case to be included in the calculation of a correlation matrix (Churchill 1979; Tull and Hawkins 1993):

- i. missing values can be estimated on the basis of their association with other variables, for which data is available. The weakness of this approach is that the associated variables which would be used for this prediction are likely to also be those which are used in the subsequent modelling, that is, the assumptions made about associations at this stage could bias the results of the subsequent model-based analysis.
- ii. a missing value can be replaced with the mean of all values for that variable obtained from complete observations.

- iii. values can be randomly allocated to missing observations with a distribution which reflects the values collected for complete observations.
- iv. for Likert scales, the missing data can be replaced with the mid-point of the scale. The justification of this approach is that a non-response may indicate that the respondent doesn't know the answer to a question and the mid point between "strongly agree" and "strongly disagree" best describes a "don't know" response.

There is no methodologically perfect approach to replacing missing data. Based on the observations above, this study handled missing data in the following way:

- i. in the case of scale items using Likert interval scales, the mid-point of the scale was used to substitute for missing values.
- ii. missing values in respect of ratio data were handled by substituting the mean value for all completed observations for that variable
- iii. in respect of nominal scales, it is inappropriate to talk about an arithmetic mean value. Missing values were randomly substituted with a value based on the distribution of values for completed observations.
- iv. where a dichotomous question is asked, it is unreasonable to substitute a missing value in view of the 50% possibility of substituting a wrong value. Furthermore, the dichotomous questions asked in the survey tended to be of significant importance to the analysis, for example the question asking whether a respondent held a position in their association. For these reasons, no values

were substituted for missing responses to dichotomous questions relating to the principal hypotheses and these responses were not included in the calculation of the covariance matrix.

Finally, no values were substituted where more than 10% of the values in a questionnaire were missing. This was necessary in order to reduce inherent bias in the data resulting from the assumptions made about substitution of values. The overall effect of the changes described above was to reduce the sample size for analysis from 172 to 171, compared to a previously usable sample size of 118. For some of the analysis, it was possible to operate with missing data and in such cases no value was inserted (for example, in many of the analyses of individual members' responses, it was not necessary to know the identity of the association which the respondent belonged to and therefore the analysis could proceed with this information missing).

5.9 DATA ANALYSIS

Data collected from the questionnaire survey was manually coded and stored on disc. Exploratory analysis was undertaken using the SPSS data analysis programme. The main analysis was undertaken using the structural equations modelling programme LISREL. The rationale and methodology of the data analysis techniques used in this study are discussed in the following chapter.

CHAPTER SIX

ANALYSIS

6.1 INTRODUCTION

In this chapter, the methodology described in the previous chapter is applied and results discussed.

The first part of this chapter provides a descriptive overview of the results of the questionnaire survey of members of local tourism marketing associations. In this general overview, the data collected from the questionnaire survey is interpreted with information collected from the structured interviews with a sample of association officers.

Following this, the quantitative data is analysed more rigorously in order to test the principal hypotheses which were defined in Chapter 5. A model is developed and hypotheses tested using structural equations modelling.

Finally, the secondary hypotheses defined in Chapter 5 are tested using a variety of quantitative and qualitative analysis techniques.

This chapter focuses on analysis of the data which was collected in the empirical investigation. The following chapter draws out conclusions from the analysis in this chapter and discusses the extent to which the formally stated hypotheses are proven or disproved.

6.2 ANALYSIS OF BASIC CHARACTERISTICS OF RESPONDENTS

In this section, the raw data collected from respondents is described, in order to gain an understanding for the nature of response patterns. In this preliminary analysis, quantitative data is interpreted, where appropriate, with supplementary information provided by the qualitative survey of association officers. In the figures which follow in this section, no attempt has been made to adjust for missing values, as described in Chapter 5.

6.2.1 Overall satisfaction with the benefits of belonging to the association:

To gain an overall feel for the attitudes of respondents towards their association, a summary is provided in Table 6.1 of responses to three questions which sought to measure the benefits that respondents perceived that they received from belonging to their association. By all three measures indicated, over three quarters of all respondents agreed or strongly agreed that membership of their association had benefited their business. It must, however, be noted that the sample validation indicated that the sample was biased towards officers of associations. It is quite plausible that officers have a higher than average level of commitment to their

association, which may be reflected in a relatively favourable attitude which they hold towards it. This commitment to an officer role may be based on a recognition of the rewards which justify a high level of involvement with the association. It was argued in Chapter 5 that the bias towards association officers need not invalidate the sample, as the sample was otherwise reasonably representative of the population from which it was taken. Furthermore, it was noted that officer bias was reasonably uniform across all associations studied.

Table 6.1 Summary of respondents' attitudes to their perceived value of association membership (N=172)

	Strongly Agree		Strongly Disagree			Mean	SD
	1	2	3	4	5		
	%	%	%	%	%		
"The relationship between our business and the association has been productive"	24.4	47.7	19.8	8.1	0.0	2.1	0.8
"The association has carried out its responsibilities and commitments in accordance with my expectations"	18.6	57.0	17.4	7.0	0.0	2.1	0.8
"The time and effort spent in developing and maintaining the relationship between our organisation and the association has been worthwhile"	23.8	51.2	18.0	5.2	1.7	2.0	0.8

6.2.2 Main reason for respondents joining their association

Respondents were asked to identify the principal reasons for joining their local tourism marketing association. The most frequently cited reason was to gain promotional advantages for the respondent's business, for example through participation in jointly organised exhibitions or brochure production. The second most frequently cited reason was the desire for networking with other business people. It was apparent from the discussions with association officers that many members of tourism associations regarded their association as a social structure within which common interests could be shared and protected where they were threatened. For some members, the social activities of an association were thought to be a more significant attraction than the marketing benefits. It also transpired from discussions with officers that there had been times when operators of tourism businesses had felt threatened by local government proposals, and joining a local association was seen as a collective defence mechanism.

Table 6.2 Reasons for respondents joining their local tourism association

Reason cited for joining	No. of times reason mentioned by respondents
Promotional advantages for the business	105
Networking with other businesses	58
Interest in a specific campaign	19
To have a say in tourism marketing for the area	5
Other	10

The main reasons cited by respondents for joining their local association are summarised in Table 6.2. In this table, it should be noted that respondents were invited to specify any number of reasons for joining their associations, therefore the number of citations does not equal the number of respondents.

6.2.3 Enhancing the marketing efforts of the respondent

The most important reason cited by respondents for joining their local tourism marketing association was to obtain promotional advantages for their business. Overall, a majority of respondents agreed that membership of their association had produced promotional benefits for their business, which could in turn help to explain the high levels of effectiveness that members perceived in their association.

It became apparent from discussions with officers that an important benefit of networking was the generation of additional business from fellow association members (for example, operators of visitor attractions would seek to develop sales through hotel members advocating their attraction to their guests). This was borne out by the survey of members which indicated that 57% agreed or strongly agreed with the idea that the association had given their business access to new markets.

It was observed that members of associations felt their membership had not been particularly effective in the development of collective new facilities which may have benefited tourism operators generally. However, one officer who was interviewed felt that most businesses joined their local association primarily for more short-term promotional benefits rather than for these wider marketing benefits.

Collaborative marketing based on reciprocity would imply that an association not only influences its members' promotion efforts, but also that members are able to influence the efforts of the association. The ability of respondents to influence their association in this respect varied, with significantly more respondents agreeing than disagreeing that they had been able to influence the association's promotion policies. This result was probably biased by the over-representation of association officers in the sample.

The distribution of responses to the question asking whether respondents had influenced their association's promotion policies showed a broadly similar distribution to the question which asked whether the association had influenced the promotional policies of the respondent. Where a respondent gave responses to both questions which were in a similar category, this is indicative of reciprocity between the association and its members. Reciprocity is one of the hypothesised constructs which is associated with the perceived effectiveness of the association. However, although the aggregate distribution of responses may suggest a high level of reciprocity among respondents, discussions with officers led to the suggestion that some members were perceived to be getting more out of their association relative to their time and financial inputs, in other words, reciprocity was not uniformly distributed. In the later stages of this analysis, the data is disaggregated so that the effects of reciprocity can be understood on an individual basis.

6.2.4 Administration and finance of associations

The structured interviews with association officers suggested a diversity of administrative and financial arrangements which could have influenced the effectiveness of their association. The sample of associations ranged from relatively

Table 6.3 Respondents' perceived effectiveness of their associations' marketing

	Strongly Agree		Strongly Disagree			Mean	SD
	1	2	3	4	5		
	%	%	%	%	%		
"The association has enhanced the value of our output to end-users"	19.2	34.2	31.2	13.3	2.1	2.5	1.0
"The association has given us access to important new markets"	17.2	36.1	24.8	16.6	5.3	2.5	1.1
"Membership of the association has enhanced our credibility in the marketplace"	29.3	39.0	21.5	14.5	1.7	2.3	1.0
"Our business has influenced the association's policy with respect to the development of collective new facilities (e.g. improved local transport facilities)"	2.0	19.5	35.5	25.7	13.3	2.7	1.5
"Our business has influenced the association's policy with respect to collective promotion"	20.9	41.0	23.9	8.9	5.3	2.1	1.1
"The association has influenced the policies of this business with respect to the way we promote our business"	13.4	42.2	26.0	16.2	2.2	2.3	1.1

unstructured and informal organisations which charged nominal membership fees to larger ones with clearly defined structures and processes and with membership fees which reflected relatively high levels of services provided on behalf of members. As organisations became larger and more complex in terms of the services provided, there was a tendency for paid officials to be appointed to oversee the day-to-day running of the association. Most associations, however, relied on volunteers to provide their administrative resources. While most associations were financially independent of outside organisations, a number received grants from their local authority.

Key indicators of the administrative and financial resources available to the sample of associations are described below:

1. The average subscription paid by members was £77.60 per year (with a standard deviation of 83.90). Members of two associations reported paying no subscription. The maximum subscription reported was £500 per year. Many associations, especially the larger ones, differentiated their fees, rather than charging one flat fee for all members. This often reflected different categories of membership, for example dependent upon the size or type of a member's business. It was common for hotel members to be charged a membership fee which was based on their bed letting capacity. In addition to the basic membership fee charged, many associations charged for additional optional membership benefits. These included participation in exhibitions inclusion in joint brochures and social events organised for members.

2. In the case of 4 of the 13 associations surveyed, respondents reported that the association received a grant from their local authority.

3. In the case of 6 of the associations, respondents reported that the association had an official, paid secretariat.

4. There was significant variation in the frequency with which respondents attended meetings of their association. 5.2% claimed to never attend meetings; 12.9% attended about once a year; 42.5% about once a quarter; 32.9% about once a month and 5.8% more than once a month. This figure was likely to have over-estimated the attendance of the population at meetings, in view of the over-representation of officers who may have been expected to attend more meetings than the average for an association's membership as a whole.

The possibility of variations in administrative and financial resources being linked to marketing effectiveness is explored in later stages of the analysis.

6.2.5 Relationships between association members

Interviews with association officers indicated that the quality of inter-personal relationships between association members could be a critical factor in determining the overall marketing effectiveness of an association. It was suggested, for example, that it could take a very long time to restore members' confidence in an association where this had been undermined. An officer of one association reported that a nearby association had declined in effectiveness because members had perceived a senior officer of that association to be advancing his personal business interests at the direct expense of other association members. One officer reported that a history of bitter personal rivalry between two hotelier members of an association had reduced the commitment of one of these members to an instrumental one of grudgingly obtaining promotional benefits for his business more cheaply than would be possible if he had acted alone. However, the questionnaire survey and structured interviews indicated that major disagreements between respondents seemed to be the exception rather than the rule.

On the whole, respondents were happy with the way their associations were run and they tended to share goals with other association members. However, some disquiet was felt about the relative seniority of some members of associations who had been co-opted by other members of the association. For example, while a proprietor of a small hotel may attend meetings of its association, a large multiple-site hotel may be represented by a junior manager with relatively little authority to make decisions which affect the association collectively. About one fifth of respondents to the questionnaire survey considered that the day-to-day operation of the association was at an inappropriate level of member firms' management hierarchy.

Over half of the respondents to the questionnaire survey did not have many business relationships with association members before joining the association. This reinforces the previous observation that networking was the second most frequently cited reason for respondents joining their association. One officer reported that many individuals or couples were attracted to their area and acquired a small guest house or hotel business following redundancy or as a semi-retirement career. For such people, membership of a local tourism association was seen as a valuable means of gaining access to a local network of tourism related businesses.

A summary of responses to key questions concerning relationships between members is presented in Table 6.4. The effect of differences in these relationships on other aspects of the operation of associations is analysed more fully later in this chapter.

Table 6.4 Summary of respondents' attitudes towards intra-association relationships (N = 172)

	Strongly Agree			Strongly Disagree		Mean	SD
	1	2	3	4	5		
	%	%	%	%	%		
"The goals of our organisation are consistent with those of other members of the organisation"	13.1	63.6	13.1	7.2	3.0	2.2	0.9
"We have a management style different from that of other association members"	5.3	18.4	41.9	26.0	8.4	3.1	1.0
"Responsibility for the day to-day operation of the association is at the proper level of the management hierarchy within member firms"	7.6	42.7	29.8	17.5	2.4	2.6	1.0
"Prior to joining the association, we had business relationships with many association members"	3.7	27.9	11.0	41.2	16.2	3.1	1.2
"During the past year, there have been significant disagreements or disputes between ourselves and the association"	5.5	15.1	43.8	35.6	0.0	1.9	0.8
"We have made significant investments that are specific to the needs of the association"	8.8	33.8	17.6	32.4	7.4	3.2	1.0

6.2.6 Respondents' perceived effectiveness of their association

The previous chapter discussed a number of perspectives from which the effectiveness of a local tourism marketing association can be judged. The questionnaire survey concentrated on members' assessment of the effectiveness of their association in terms of its implications for their own businesses. Overall, respondents reported high levels of perceived effectiveness for their associations. A number of indicators of associations' effectiveness were hypothesised in the previous chapter. The indicators showed a high level of correlation (discussed in following sections) and for illustrative purposes, the response to the question "The relationship between our business and the association has been productive" has been selected in Table 6.5 as indicative of overall perceptions of effectiveness.

A crude analysis of this indicator showed considerable variation between associations in members' reported perceptions of their association's effectiveness. There was no immediately obvious explanation of these differences. However, discussions with officers gave rise to a number of suggestions why differences may be reported where there are otherwise no structural or extraneous explanations of differences. It was suggested, for example, that local tourism associations may go through some form of life cycle which begins with a missionary zeal of its founders, followed by a period of expansion which soon levels off as complacency sets in and processes of operation become of equal importance to outcomes. By this stage, a single incident (such as a financial shortfall or the resignation of a principal officer) could precipitate a decline in the effectiveness of the organisation. One officer reported that his association appeared to have lost much of its previous vitality through no particular reason other than the complacency of members. One aim of the subsequent disaggregated analysis of the data is to establish antecedents of the differences in perceived effectiveness.

Table 6.5 Respondents' perceptions of the effectiveness of their association

Mean response to the question "The relationship between our business and the association has been productive" (measured on Likert scale with 1 = "strongly agree" to 5 "strongly disagree").

Name of association	N =	Mean Score	Standard Deviation
Bath Hotels and Restaurants Association	29	2.350	.681
Association of Bath Leisure Enterprises	16	1.812	.592
Bath Independent Guest Houses Association	22	2.302	.867
Bristol Tourist Attractions Association	4	2.250	.500
Warminster Tourism Association	6	3.055	1.298
Wansdyke Tourism Association	4	2.458	1.075
Coventry Area Visitor and Convention Association	15	2.544	.717
Shakespeare Country Assoc. of Tourist Attractions	11	1.863	.839
Guild of Guide Lecturers (Bath)	6	2.305	.476
Nuneaton Tourism Association	4	2.458	.250
White Cliffs Dover Hotel and Guest House Group	11	2.061	.757
South Hampshire Tourism Group	12	2.151	.728
Gtr. York Assoc. of Hotels and Guest Houses	24	2.123	.740
Not known	8		
Total	172		

Finally, although the questionnaire survey concentrated on perceived effectiveness from respondents' instrumental point of view, a number of officers suggested that effectiveness should also be judged from the wider perspective of the local economy that they serve. It is in principle possible for an association to benefit its members but not that of the local community at large, for example an association may apply pressure to regulatory agencies to restrict the development of new tourism interests in their area. While this may protect members from new sources of competition, it may

disadvantage the local community in general, whose human and natural resources remain under-exploited.

It was notable that two of the association officers who stressed the wider community benefits of their associations represented associations that were in receipt of local authority grants, and such an argument could probably be seen as an attempt to justify or expand such grants. In larger, more formal associations, it is also possible that senior officers could find themselves identifying to a greater extent with their professional peer group which includes companies and individuals outside the association, rather than members of the association itself. Given the possibility of this shift, officers may perceive effectiveness from a broader perspective than the membership at large.

6.3 MODEL DEVELOPMENT

In Chapter 5, a theoretical model of collaborative marketing effectiveness was developed on the basis of published literature. The model was used to specify a series of hypotheses which could be tested through empirical research. Four constructs were hypothesised to be antecedents of a further construct which measured the perceived effectiveness of a local tourism marketing association. Scale items were identified which were hypothesised to be indicators of the underlying constructs.

The development of a robust methodology to test the hypotheses specified in Chapter 5 is described at a later stage in this chapter. Prior to the formal hypothesis testing, an exploratory analysis of the data was undertaken to investigate the reliability of the scale items as indicators of their underlying constructs. A further aim of the

exploratory analysis was to gain an initial understanding of the items that contributed most significantly to perceived effectiveness.

The initial exploratory techniques used should be seen as giving only crude indicators of the explanatory power of the proposed model. For this reason, a more robust analysis was subsequently developed which combined the data reduction characteristics of the exploratory principal components analysis with the predictive characteristics of the exploratory regression analysis. For the more robust analysis, structural equation modelling was used to test the hypotheses. The philosophy of structural equation modelling is based on the premise that data should be analysed in order to test a model which is specified *a priori*, rather than allowing for the emergence of a model based on mere statistical associations. The latter approach could lead to conclusions being drawn based on associations between observations which are statistically significant, but which cannot be substantiated on theoretical grounds. The role of exploratory analysis described here was, therefore, not to define the substantive model, but to refine the model where this was theoretically justified. A full justification for the use of structural equation modelling is made later in this chapter.

6.3.1 Exploratory Principal Components Analysis

In Chapter 5, a number of underlying constructs were hypothesised as contributing to the effectiveness of local tourism marketing associations. In this context, the term construct refers to some phenomenon which cannot be directly measured, but can instead only be measured through a series of indicators. To be a reliable construct, these indicators should move in a correlated manner with each other, suggesting that they are all measuring a similar underlying phenomenon. At the stage of exploratory analysis, the emphasis is on finding statistically significant relationships between indicators and their constructs. However, statistically significant relationships may

simply be associations which have no underlying theoretical explanation, and do not indicate the direction of causative effects. To distinguish associations which are based on theoretical expectations from those which can be described as "spurious", a subsequent confirmatory factor analysis is necessary. This was subsequently undertaken as part of the structural equation modelling process.

Four constructs which were hypothesised as being antecedents of effectiveness of local tourism marketing associations were described in Chapter 5. Each construct was based on multiple indicators which were translated into a series of questionnaire scale items. These scale items had been previously validated in other studies, with adaptation to the circumstances of the current research. It was noted however, that the circumstances in which these scales had been developed were not always directly comparable to those which pertained in the current study, particularly with respect to the cultural context of their application. The outcome of the use of these scales should therefore be to make this research exploratory rather than confirmatory in nature.

In total, 20 scale items were used as indicators of the four constructs which were hypothesised to be antecedents of the effectiveness of an association. An exploratory principal components analysis was carried out on all of these scale items.

In the initial unrotated solution, a scree-plot analysis indicated five factors emerging from the data. The analysis was subsequently constrained on an *a priori* basis to four factors to correspond to the hypothesised constructs. The use of an *a priori* determination of the number of factors to be extracted can be justified on the basis that this stage of the analysis was exploratory in nature and the aim was to assess the extent to which scale items gave a valid representation of four underlying constructs whose existence had been justified by a review of published literature.

The initial unrotated factor solution did not reveal a simple structure which related items directly to the hypothesised constructs. Rotation of the factors was considered desirable in order to simplify the factor structure. The ultimate effect of rotating the factor matrix is to redistribute the variance from earlier factors to later ones in order to achieve a simpler and theoretically more meaningful factor pattern.

Orthogonal and oblique factor rotation was carried out. The results reported below are based on an oblique rotation of the data, for two reasons. Firstly, it is suggested that where the main interest is in obtaining theoretically meaningful constructs, oblique factor rotation is more desirable because it is theoretically and empirically more realistic (Iacobucci 1994; Sharma 1996). Secondly, an oblique rotation was observed to maximise the amount of variance which was accounted for by the four emerged constructs, as compared to unrotated or orthogonal solutions. Results of this exploratory principal components analysis are shown in Table 6.6.

Table 6.6 Principal components analysis of scale items measuring antecedents of marketing effectiveness

Item	Factor loadings			
	1	2	3	4
18. I consider the association to be based on a shared informal understanding rather than written terms and conditions	.7868			
20. The association has an efficient and effective secretariat	.7807			
9. The association has carried out its responsibilities and	.7356			

commitments in accordance with
my expectations

29. We are able to openly discuss with other members of the association on the way we should go about collaboration	.6835
28. During the past year, there have been significant disagreements or disputes between ourselves and the association	.5486
19. Standard operating procedures are required which must be adopted by all members of the association	.2526
25. Our sales have stimulated the sales of other association members	.1464
16. Our business has influenced the association's policy with respect to:	-.8692
c) Commissioning of marketing research	-.8429
b) Pricing policies adopted by association members	
d) Development of new collective facilities (e.g. improved local transport facilities)	-.7644
a) Collective promotion	-.6967
26. Prior to joining the association, we had business relationships with many association members	-.4986
30. We have made significant investments (e.g. in promotional media) that are specific to the needs of the association	.4315
27. The history of relations between our firm and	-.3381

association members can be characterised as stable and enduring	
32. No exclusivity clause restricts us from joining other associations	-.8158
31. We can terminate our involvement in the activities of the association without penalty	-.7804
1. Frequency of attending meetings	-.6703
4A. Whether holding an officer position	.5755
21. The goals of our organisation are consistent with those of other members of the association	.7624
22. The chief executives of other association members share a similar operating philosophy as ours	.7485
23. We have a management style different from that of association members	.6234
24. Responsibility for the day to day operation of the alliance is at the proper level of the management hierarchy within member firms	.5534

Eigen value	4.187	2.918	2.317	1.670
Percent of variance	19.0	13.3	10.0	7.6

Note: factor loadings for Q9 and Q16a-d refer to difference scores (i.e. Q9=Q9-Q10; Q16a=Q16a-q17a etc.)

The empirically derived factor loadings were compared with the hypothesised factor structure. Most items loaded on their expected constructs. However, five items (numbers 19, 25, 26, 27 and 30) produced factor loadings of below 0.50. This suggested that these items were poor indicators of their hypothesised constructs and may have been indicators of other phenomena. It must be remembered that it is unrealistic in real life to expect a scale item to be indicative of just one underlying phenomenon. The poor factor loadings of these items illustrate that they were not uniquely able to describe one phenomenon. All items with loadings of less than 0.50 on their expected construct were removed from further analysis.

Two items failed to load on their expected construct. In the case of item 28 ("During the past year, there have been significant disagreements or disputes between ourselves and the association"), the item was expected to load on the construct of compatibility, but actually loaded on the construct of governance. The factor loading of .5486 was not particularly high and there were no theoretical grounds for treating the item as an indicator of governance rather than compatibility. The item was therefore dropped from further analysis. In the case of scale item 9 ("The association has carried out its responsibilities and commitments in accordance with my expectations"), the item loaded unexpectedly on the governance construct with a loading of .7356 (instead of loading on reciprocity). The scale item had been previously validated as an indicator of reciprocity and no theoretical grounds could be found to justify its use as an indicator of reciprocity. The item was therefore dropped from subsequent analysis.

The overall result of the adjustments described above was to reduce the total number of scale items used to measure the four hypothesised antecedent constructs from 22 to 15. There are arguments for and against deletion of scale items at the exploratory stage, rather than within the measurement model of structural equations. The principal objection is that the latter can fully explore interaction between dependent and

independent variables. The principal advantage is to simplify the system of structural equations and thereby reduce the number of parameters to be estimated.

To test the reliability of the scale items as measures of the four emerged constructs, a reliability analysis was conducted on the summated scale of the adjusted constructs' items using alpha reliability coefficients (Cronbach 1951). Their coefficients were 0.736 (Governance); 0.847 (Reciprocity); 0.673 (Commitment); and 0.723 (Compatibility). These reliabilities exceed the minimum acceptable cutoff of 0.70 suggested for exploratory research (Nunnally 1978), with the exception of commitment which was marginally below this commonly used cut-off. It was decided to proceed with the analysis despite the apparent weakness of the commitment scale. There is no scientific basis for determining a cut-off of acceptability, and a value of 0.70 represents common practice. Furthermore, the principal components analysis was exploratory and any weakness in the scale would be confirmed or challenged in the measurement model of the subsequent structural equations model.

A further exploratory principal component analysis was undertaken on the six scale items used to measure respondents' perceived effectiveness of their association. The initial unrotated solution produced a simple factor structure in which all items loaded on their hypothesised construct (Table 6.7). The reliability of the construct was then measured using Cronbach's Alpha. At 0.903, the six scale items for reliability could be comfortably regarded as good indicators of the underlying construct.

Table 6.7 Principal components analysis of scale items measuring marketing effectiveness

	Factor loadings
Item	
11. The time and effort spent in developing and maintaining the relationship between our organisation and the association has been worthwhile	.9049
13. The association has enhanced the value of our output to end-users	.8983
12. The relationship between our business and the association has been satisfactory	.8840
8. The relationship between our business and the association has been productive	.7813
14. The association has given us access to important new markets	.7749
15. Membership of the association has enhanced our credibility in the marketplace	.7330
Eigen value	4.155
Percent of variance	69.3

6.3.2 Exploratory regression analysis

The exploratory principal components analysis gave some justification for the use of the selected measurement scale items. In the next stage of exploratory analysis, an attempt was made to understand the relationship between the outcome measure of

effectiveness and the antecedent factors associated with effectiveness. At this exploratory stage, interest focused on understanding the relative importance of each of the antecedent indicators of effectiveness in contributing towards the construct of effectiveness.

A forward stepwise regression was carried out in which effectiveness was the dependent variable, measured as the mean of the scores for the six scale items measuring effectiveness. All hypothesised indicators of the four constructs were independent variables. A multiple least squares regression model was developed in which the first equation considered only the independent variable which was most highly correlated with the dependent variable. In subsequent equations, an additional independent variable was introduced, based on the partial correlation coefficients of independent variables omitted from the previous equation. By proceeding in this way, multi-collinearity between variables is taken into account. As the number of independent variables in the equation is increased, the value of R^2 inevitably increases (it is at a maximum where *all* possible independent variables are included). To compare between models with differing numbers of independent variables, adjusted R^2 is the more valid basis for comparison. The model with the highest value of adjusted R^2 ($R^2 = 0.691$) was that which included 10 independent variables. The results of this model are shown in Table 6.8.

A cursory inspection of the regression equations indicated that independent variables associated with the hypothesised constructs of governance and commitment showed the most significant regression coefficients with respect to effectiveness. In the model which included ten independent variables, seven independent variables had coefficients which were significantly different from zero at $p=0.10$.

Table 6.8 Stepwise regression of hypothesised indicators of antecedents of marketing effectiveness on mean score for effectiveness.

Equation No.	Variables included	Beta	T	Sig T
10.	Q16A	.173	3.875	.000
	Q16B	-.081	-2.159	.032
	Q18	-.075	-2.372	.018
	Q20	.273	5.428	.000
	Q21	.129	2.798	.006
	Q22	-.179	-4.184	.000
	Q26	-.089	-2.822	.005
	Q27	.160	2.957	.004
	Q29	.275	5.324	.000
	Q31	.121	2.298	.023
	(Constant)	1.016	4.471	.000
	R ² = .710			
	Adjusted R ² = 0.691			

6.4 DEVELOPMENT OF A ROBUST ANALYTIC TECHNIQUE TO TEST RESEARCH HYPOTHESES

To provide a rigorous test of the research hypotheses, an analytic technique was needed which was able to:

- i. assess the extent to which observed indicators provide statistically significant and theoretically justified bases for measuring hypothesised underlying constructs.
- ii. measure the magnitude and significance of the effect of the hypothesised antecedent constructs on the dependent construct of effectiveness.
- iii. take account of multi-collinearity between variables

- iv. be appropriate for the sample size which is available for analysis.

The two exploratory analytic tools, principal component analysis and stepwise multiple regression, focused respectively on measurement techniques and predictive techniques. As a measurement technique, exploratory principal components analysis suffers from the lack of theoretical underpinnings of observed associations between data. The identification of an association between two indicators of a latent construct could be interpreted as meaning that indicator "a" causes an effect on indicator "b"; that "b" causes an effect on "a"; or that some third factor has a simultaneous effect on both "a" and "b". As a predictive technique, regression techniques suffer from an inability to handle multi-collinearity between independent variables.

A number of alternative approaches to analysing the data which meet the requirements specified above were considered: canonical correlation, neural network analysis and structural equation modelling. These are briefly reviewed below.

6.4.1 Canonical correlation

A number of multi-variate techniques, such as Canonical Correlation have been developed which do not presuppose relationships between variables other than which are the dependent and independent variables. Canonical correlation analysis explores the relationship between two sets of variables by creating linear composites of each set of variables, such that the correlation between the linear composites is maximised. Canonical coefficients determine the importance of each variable in forming the canonical variates, given the presence of other variables, while loadings represent a bivariate relationship between a single variable and the canonical variate.

A weakness of canonical coefficients is that they can be quite unstable for small sample sizes and for data sets containing multicollinearity. A further weakness is that the canonical variates merely emerge from the observed variables. They may have no validity in the sense of representing underlying constructs whose existence can be justified on theoretical grounds. It is therefore not a good technique to test hypotheses of unobservable phenomena.

6.4.2 Neural network analysis

Neural network analysis has found increasing application in marketing research during recent years (e.g. Moutinho and Curry 1994; Cooke and Schleede 1988). Neural network analysis works by splitting data into two halves, one of which is used to develop a model while the other half of the data set is used to test the model. Through an iterative learning process, the model is refined to the point where the difference between actual and predicted values of the second "test" data set are minimised (McClelland and Rumelhart 1986). Neural network analysis offers a number of potential advantages in the analysis of multi-variate data.

Firstly, neural network development does not require knowledge of the underlying relationships between the input and output variables (both linear and non-linear), since the network "learns" hidden relationships in the data implicitly. Non-linear relationships can be discovered and automatically assimilated into the weights connecting the nodes of the network. These weights contain the "learned information" from the network training phase and are analogous to regression coefficients.

Secondly, the associative abilities of neural networks make them more robust to missing and inaccurate data, since the knowledge of relationships between variables is distributed across numerous network connections. Regression, on the other hand,

cannot tolerate missing data and works poorly with inaccurate data since all relationship knowledge is stored in a single beta coefficient.

Thirdly, neural networks' performance is not diminished by the multicollinearity problem of regression analysis. Non-standard conditions, violations of assumptions, and transformations can all be handled by a neural network model.

Against these advantages, neural network analysis poses problems for a study of this nature. Because of the need to split data into a test and recall set, sample sizes in excess of 400 are recommended for the development of a neural network (McClelland and Rumelhart 1986), whereas only 172 observations were available for this study.

Secondly, a principal benefit of neural network analysis is its ability to develop models without any prior specification of input or output variables, whereas this research sought to test a model whose inputs and outputs were specified on the basis of underlying theory. A model generated by a neural network may be statistically significant, but not based on any underlying theory.

6.4.3- Structural equation modelling

Structural equation modelling combines measurement and prediction techniques and has two principal characteristics, the estimation of multiple and inter-related dependence relationships and; the ability to represent unobserved, or latent concepts in these relationships. Structural equation modelling essentially estimates a series of separate, but interdependent, multiple regression equations simultaneously. Structural equation modelling can be distinguished from other multivariate techniques, such as multivariate analysis of variance and canonical correlation, in that the latter only allow a single relationship between dependent and independent variables. By contrast, structural equation modelling can translate a complex series of relationships between

dependent and independent variables into a series of structural equations. In this process, a variable which is dependent in one set of relationships may become independent in others.

...

A further advantage of structural equation modelling is that it works most effectively for the sample size which is available for this study. It is recommended that the minimum sample size to ensure appropriate use of structural equation modelling is 100 (Sharma 1996). However, as the sample size exceeds 400, the method becomes too sensitive, making all goodness of fit measures indicate poor fit. It has been recommended that a sample size of between 100 and 200 is ideal for this type of analysis.

...

On balance, it was considered that structural equation modelling would be the most appropriate data analysis technique with which to test the research hypotheses. As well as the theoretical advantages of the approach, there were also pragmatic considerations to take into account, based on the size of the available sample. There is now substantial literature on the applications of structural equations modelling to marketing research and a number of computer programmes are readily available. There was evidence of current widespread use of the technique, evidenced by the observation that during the period 1993-1995 inclusive, it was the most frequently used multivariate analytic technique employed in articles published in the *Journal of Marketing* and the *Journal of Business Research*.

The procedures adopted for developing a structural equations model and using it to test the data are described in the following sections.

6.5 The development of a structural equation model

Structural equation modelling can be operationalised through one of a number of proprietary computer programmes. The most popular is the LISREL programme, but other programmes are available which perform a similar function (e.g. EQS, MILS and COSAN). LISREL is by far the most widely used programme, to the extent that the terms structural equation modelling and LISREL are frequently used interchangeably (Long 1983). For this reason, and because the programme and associated literature is more widely available than for other programmes, the analysis proceeded by using the methodology associated with the LISREL programme (version 7).

Most prescriptions for the development of a structural equation model recommend a multi-process stage which begins with the development of a theory based model and proceeds through to the evaluation and modification of the model. The following seven stages of model development are identified by Sharma (1996) and are used as a basis for describing the development of a LISREL model for this study.

6.5.1 Development of a theory based model

Like regression analysis, structural equation modelling presupposes that one variable causes an effect on another variable (although, unlike regression analysis, structural equation modelling allows for interaction between and within dependent and independent variables). The philosophy of structural equation modelling requires that a model must have conceptual meaning in that the causations identified are based on an understanding of underlying theory. The model to be developed here is based on a widespread literature review which was described in Chapters 2, 3 and 4. The literature reviewed covered empirical studies and conceptual articles which were relevant to aspects of the model being developed.

The most critical error, often referred to as specification error, in developing a theoretically based model is the omission of one or more key predictive variables. The implication of omitting a significant variable is to bias the assessment of the importance of other variables. However, against the desire to include in the model all possible variables which might have an effect on measures of the outcome variable, there are practical limitations on the number that can be handled in the model. A particular problem is that when the number of variables becomes large, their statistical significance falls as the number of degrees of freedom available falls.

The theory based model specified in Figure 5.1 hypothesised that four latent constructs, described as commitment, reciprocity, governance style and compatibility, could explain differences in effectiveness between different local tourism marketing associations. It was felt that the four constructs best described a diverse body of literature which related to inter-organisational co-operation in general, and to tourism marketing associations in particular. Although these four constructs can be defended on the basis of the literature, it is possible that alternative interpretations could yield differing constructs. It is possible, for example, that trust could be defined as an important construct in its own right, whereas in this model the concept is considered to be an integral part of the constructs of reciprocity (in that the literature suggests that long term trust is associated with reciprocation of promises); commitment (a large body of literature has associated the development of affective dimensions of commitment with the development of trust); compatibility (asymmetric trust could lead to incompatibility of goals and expectations); and governance style (trust between members could be an important component of governing relationships between members, positioning such governance relationships on a continuum from informal and trusting to formal and contractual).

It must also be recalled that it is difficult to collect data which is unbiased in terms of its representation of the population being studied. Tests were undertaken to assess the validity of the sample and it was suggested that the sample may have over-represented officers relative to the membership at large (section 5.7.1). The possibility also remained of bias resulting from the composition of key respondents. The profile of key respondents, and their predisposed attitudes, could have led to a systematic mis-reporting of values which do not represent the population of all direct stakeholders involved in the tourism businesses surveyed.

6.5.2 Constructing a path diagram

A model was developed in Figure 5.1 to portray the principal hypotheses to be tested in this research. This provides a starting point for the specification of a LISREL model in a path diagram. A path diagram seeks to show the routes by which independent variables have an effect on the dependent variables. In a simple model, one dependent variable may be influenced directly by a number of independent variables. In more complex models, the effects of an independent variable may be mediated by other variables. Recursive relationships between variables and correlations among independent variables can be portrayed in a path diagram.

A path diagram facilitates the task of generating a set of equations for testing. An equation is formed by starting with the dependent variable and reading back from this along all of the "paths" leading to it. Each path represents an equation.

It is useful to consider the key components of a structural equations model and, in particular, the terminology which is used to describe these components. The following can be identified:

- i. endogenous constructs, comprising hypothesised constructs that are influenced by other constructs within the series of causal relationships. In this study, all endogenous constructs are represented by multiple indicators (see iii. below).
- ii. exogenous constructs, which comprise hypothesised constructs that are not influenced by other constructs within the series of causal relationships. In this study, all of the exogenous constructs are represented by multiple indicators (see iii. below).
- iii. indicators of latent constructs for both endogenous and exogenous constructs. The latent constructs defined in (i) and (ii) above are essentially abstract and cannot be directly observed. They are therefore defined in terms of a series of measurable indicators and the validity of the hypothesised constructs reflects the reliability of these indicators as true measures of the construct.
- iv. relationships between constructs are represented by arrows. By conventional usage, a straight line pointing from construct "a" to construct "b" indicates a direct causal effect of "a" on "b", while a curved line between constructs represents a correlation between the two constructs.
- v. by conventional usage, the following symbols are used to define constructs and indicators:

endogenous constructs: η

exogenous constructs: ξ

indicators of endogenous constructs: ϵ

indicators of exogenous constructs: δ

measurement error for endogenous indicators: ζ

measurement error for exogenous indicators: ζ

coefficient relating exogenous constructs to endogenous constructs: θ

coefficient relating endogenous constructs to endogenous constructs: β

coefficient relating indicators to constructs: λ

To test the hypotheses defined in Chapter 5, a path diagram is developed which has the following characteristics:

- i. 2 endogenous constructs (η_1 - η_2)
- ii. 3 exogenous constructs (ϵ_1 - ϵ_3)
- iii. 10 indicators of endogenous constructs (λ_1 - λ_{10}), plus their error terms (ϵ_1 - ϵ_9)
- iv. 11 indicators of exogenous constructs (λ_1 - λ_{11}), plus their error terms (δ_1 - δ_9)

The path diagram is shown in Figure 6.1. From this diagram, a series of paths from the dependent variable can be traced, and these are discussed in the following section. The precise specifications of the indicators and constructs referred to in the path diagram are shown in Table 6.9.

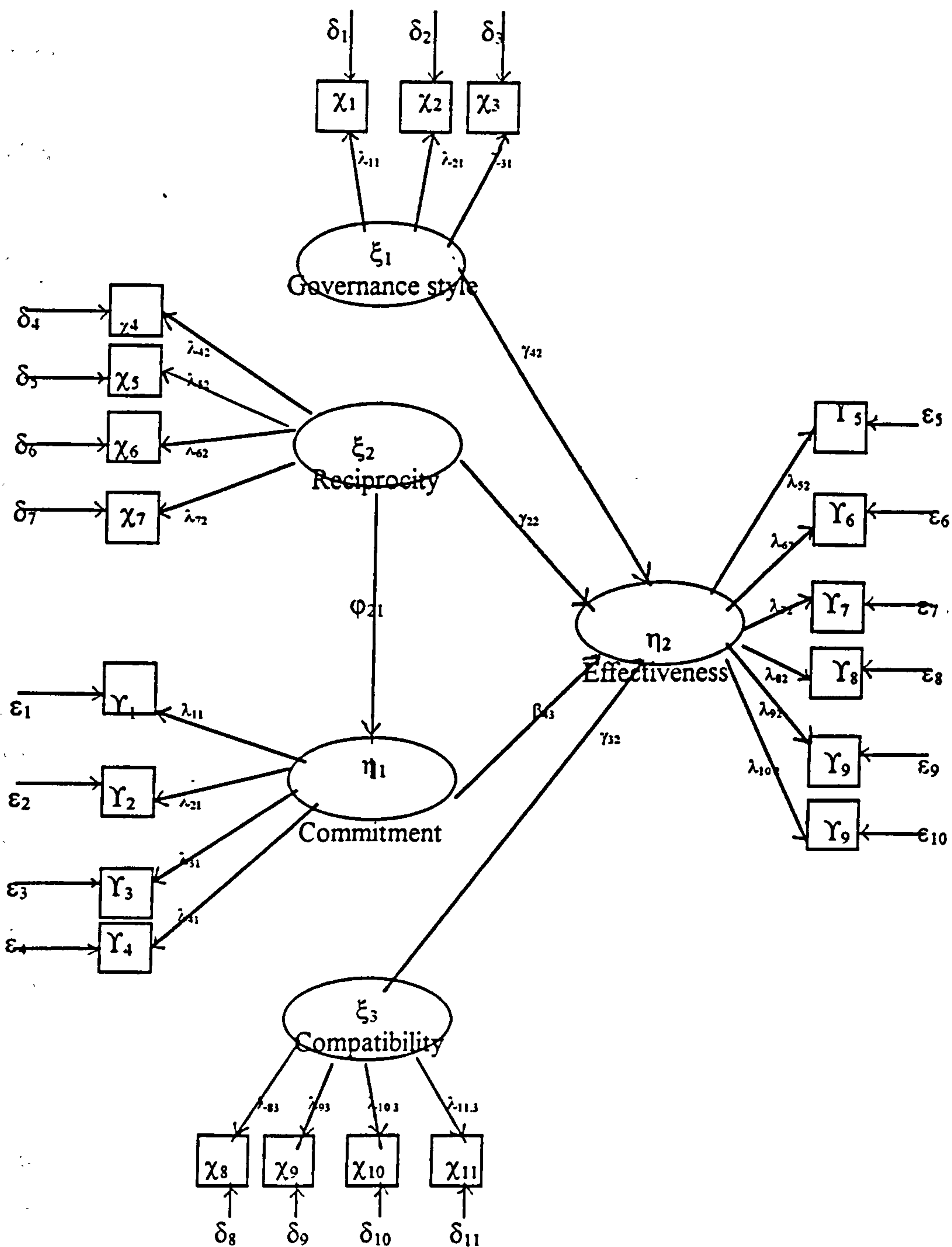


Figure 6.1 Path diagram representing model to be tested

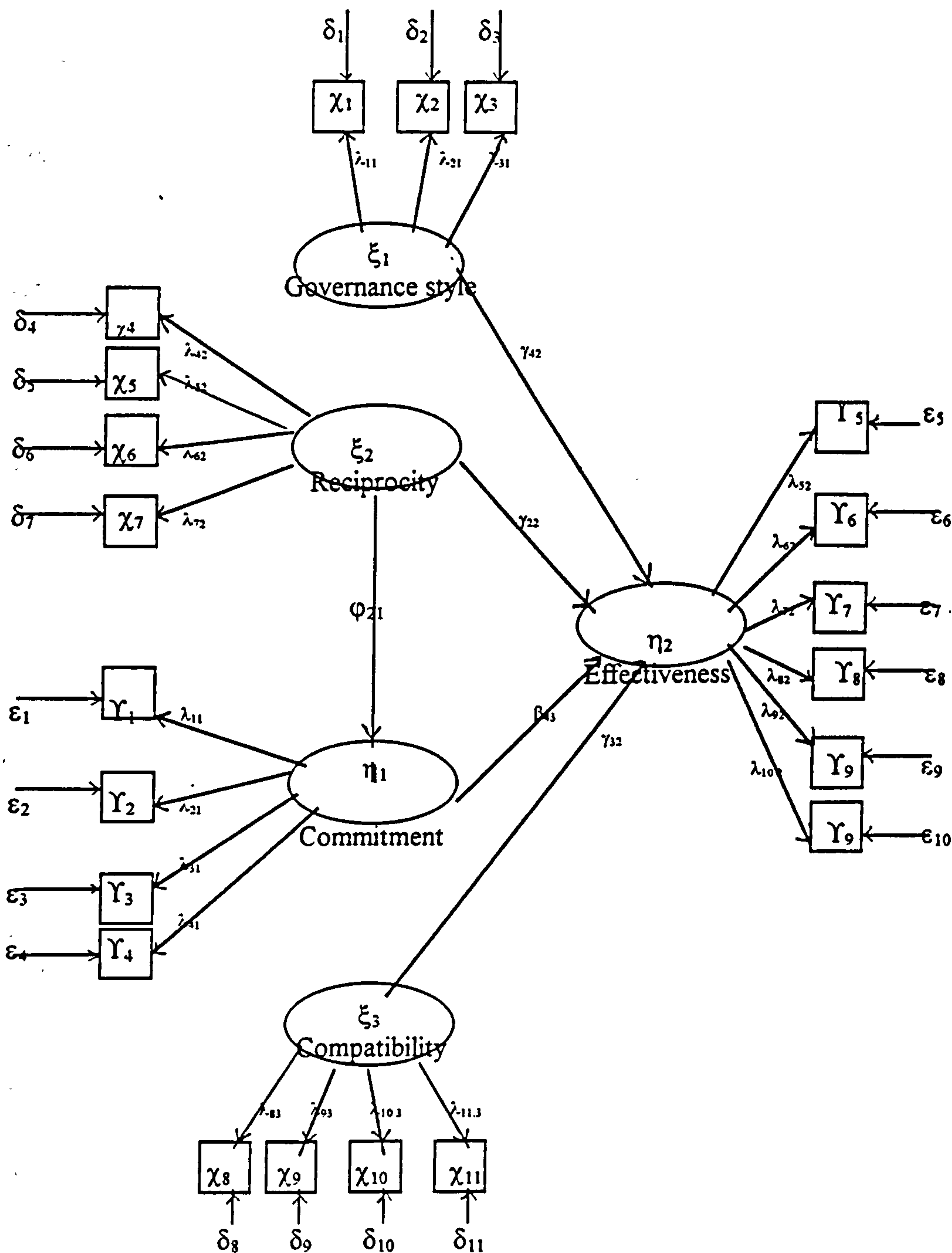


Figure 6.1 Path diagram representing model to be tested

Table 6.9 Indicators and constructs used in the proposed model

Construct	Indicators
ξ_1 (Governance)	χ_1 (Question No. 18) χ_2 (Question No. 20) χ_3 (Question No. 29)
ξ_2 (Reciprocity)	χ_4 (Question No. 16a) χ_5 (Question No. 16b) χ_6 (Question No. 16c) χ_7 (Question No. 16d)
ξ_3 (Compatibility)	χ_8 (Question No. 21) χ_9 (Question No. 22) χ_{10} (Question No. 23) χ_{11} (Question No. 24)
η_1 (Commitment)	γ_1 (Question No. 01) γ_2 (Question No. 04A) γ_3 (Question No. 31) γ_4 (Question No. 32)
η_2 (Effectiveness)	γ_5 (Question No. 8) γ_6 (Question No. 11) γ_7 (Question No. 12) γ_8 (Question No. 13) γ_9 (Question No. 14) γ_{10} (Question No. 15)

6.5.3 Developing a set of structural equations and specifying the measurement model

In the next stage of analysis, the theory portrayed in the path diagram was translated into a series of equations. The purpose of these equations is to define:

- i. structural equations, which are used to calculate coefficients between constructs;
- ii. a measurement model which defines the hypothesised relationships between latent constructs and their manifest indicator variables;
- iii. a set of matrices indicating any hypothesised correlations among constructs or indicators.

The development of each of these series of equations is discussed in turn.

The measurement model

The purpose of the measurement model is to establish how well hypothesised latent constructs are explained by their manifest indicators. There are similarities between the measurement model of structural equation modelling and exploratory principal components analysis. The observed variables may be described as reliable indicators of the underlying construct where a commonly used measure such as Cronbach's Alpha indicates that the underlying factors explain a high proportion of variance in the observed data. Although observed data may be a reliable indicator of the underlying

factor, it may still not be a *valid* indicator. To achieve validity, the construct must have not only statistical legitimacy, but must also be based on sound theoretical meaning. Thus exploratory principal components analysis may reveal factors which purport to represent specified factors, even though there is no theoretical justification for assigning this role to them.

The measurement model allows the researcher to specify the composition of constructs on the basis of theoretical arguments. In this study, the theoretical bases for developing constructs were discussed in Chapter 5. Justification for using indicators of these constructs was given and subsequently explored using exploratory principal components analysis.

The hypothesised relationships between latent constructs and their indicators are portrayed in the path diagram (Figure 6.1). This diagram can be translated into a series of equations relating the constructs to their respective indicators (Table 6.10).

Each indicator is associated with an error term, reflecting the fact that indicators are an imperfect measure of the attitudes and behaviours which they purport to represent. In the case of the indicators of multiple item constructs, these are determined empirically during the analysis.

The structural model

A series of structural equations link constructs in the path diagram. In each equation, the dependent variable comprises a construct which has a path arrow pointing towards it, but not out of it (i.e. an endogenous construct). The independent variables

Table 6.10 Equations linking indicators with hypothesised constructs

Lambda - X		Exogenous construct		
Exogenous indicator	ξ_1	ξ_2	ξ_3	
$X_1 =$	$\lambda_{11}\xi_1$			$+ \delta_1$
$X_2 =$	$\lambda_{21}\xi_1$			$+ \delta_2$
$X_3 =$	$\lambda_{31}\xi_1$			$+ \delta_3$
$X_4 =$		$\lambda_{42}\xi_2$		$+ \delta_4$
$X_5 =$		$\lambda_{52}\xi_2$		$+ \delta_5$
$X_6 =$		$\lambda_{62}\xi_2$		$+ \delta_6$
$X_7 =$		$\lambda_{72}\xi_2$		$+ \delta_7$
$X_8 =$			$\lambda_{83}\xi_3$	$+ \delta_8$
$X_9 =$			$\lambda_{93}\xi_3$	$+ \delta_9$
$X_{10} =$			$\lambda_{103}\xi_3$	$+ \delta_{10}$
$X_{11} =$			$\lambda_{113}\xi_3$	$+ \delta_{11}$
Lambda - Y		Endogenous construct		
Endogenous indicator	η_1	η_2		
$Y_1 =$	$\lambda_{11}\eta_1$			$+ \varepsilon_1$
$Y_2 =$	$\lambda_{21}\eta_1$			$+ \varepsilon_2$
$Y_3 =$	$\lambda_{31}\eta_1$			$+ \varepsilon_3$
$Y_4 =$	$\lambda_{41}\eta_1$			$+ \varepsilon_4$
$Y_5 =$		$\lambda_{52}\eta_2$		$+ \varepsilon_5$
$Y_6 =$		$\lambda_{62}\eta_2$		$+ \varepsilon_6$
$Y_7 =$		$\lambda_{72}\eta_2$		$+ \varepsilon_7$
$Y_8 =$		$\lambda_{82}\eta_2$		$+ \varepsilon_8$
$Y_9 =$		$\lambda_{92}\eta_2$		$+ \varepsilon_9$
$Y_{10} =$		$\lambda_{102}\eta_2$		$+ \varepsilon_{10}$

comprise all those exogenous and endogenous variables connected to the dependent variable by a path line, either directly, or indirectly. It follows that there are as many structural equations as there are endogenous constructs. It also follows that a construct which is the dependent variable in one equation can be an independent variable in another equation. The structural equations are shown in Table 6.11, where coefficients are shown using their conventional LISREL notation, thus the coefficient measuring the effect of one endogenous construct on another endogenous construct is shown by the symbol $[\beta]$ and the effect of an exogenous construct on an endogenous construct is shown by the symbol $[\theta]$.

Table 6.11 Structural equations, based on path diagram

$$\eta_1 = \varphi_{12}\xi_2 + \zeta_1$$

$$\eta_2 = \beta_{211}\eta_1 + \gamma_{21}\xi_1 + \gamma_{22}\xi_2 + \gamma_{23}\xi_3 + \zeta_2$$

Correlations among constructs and indicators

Structural equation modelling can take account of hypothesised correlations between exogenous indicators, between endogenous indicators and between indicators. It was noted in the theoretical model of causation that the construct of reciprocity was

hypothesised as being an antecedent of the construct of commitment. This is shown by the arrow in Figure 6.1 pointing from reciprocity to commitment. However, the theoretical discussion in previous chapters argued that the chain of causation could be the opposite way, or that the two are merely correlated without a direct causative effect. Alternative assumptions can be tested within the model.

An assumption was made, in the absence of literature evidence to the contrary, that there was no correlation between indicators or between constructs other than those shown in the hypothesised model.

Transforming structural equations into LISREL parameter matrices

Finally, the structural equations and measurement model were transformed into a series of matrices. The LISREL programme requires the structural and measurement models to be specified as a series of input parameter matrices. Using conventional LISREL notation, a series of matrices was derived. These are defined in Table 6.12. The programme offers a number of choices for the format in which these matrices are input to the programme (e.g. the full matrix comprising all elements, or diagonal elements only), and default values are set where no input format is specified. Correct specification of the parameter matrices is critical to successfully running the programme. A complete listing of the programme instructions to run this model are given in Appendix 4.

Table 6.12 Parameter matrices input to LISREL programme

Matrix name	Matrix function	Matrix dimensions
Lambda - X	Models exogenous indicator - construct coefficients	No. of exogenous constructs x no. of exogenous indicators
Lambda - Y	Models endogenous indicator - construct coefficients	No. of endogenous constructs x no. of endogenous indicators
Beta	Models coefficients between endogenous constructs	No. of endogenous constructs x no. of endogenous constructs
Gamma	Models coefficients between exogenous and endogenous constructs	No. of exogenous constructs x no. of endogenous constructs
Phi	Estimates error variance for exogenous constructs	No. of exogenous constructs x no. of exogenous constructs
Psi	Estimates error terms for endogenous constructs	No. of endogenous constructs x no. of endogenous constructs
Theta-epsilon	Estimates error terms for endogenous indicators	No. of endogenous indicators x no. of endogenous indicators
Theta-delta	Estimates error terms for exogenous indicators	No. of exogenous indicators x no. of exogenous indicators

6.5.4 Inputting data and estimating the proposed model

Input data for LISREL can be provided either in the form of a covariance matrix or a correlation matrix. There has been debate over the relative merits of these two different forms of input data. The use of a covariance matrix input has been attributed with the advantage of providing valid comparisons between different populations or samples. However, this advantage is in itself of little importance in this study where data is drawn from one sample. Alternatively, a correlation matrix is essentially a standardised covariance matrix in which the scale of measurement of each variable is removed by dividing the variances by the product of the standard deviations. This standardisation facilitates comparison across different variables, compared to the use of covariances which are affected by the scale of measurement. It is argued that a correlation matrix is preferable to a covariance matrix where the purpose of research is to learn about the pattern of relationships between variables rather than the total explanatory power of a theory (Sharma 1996). For these reasons, this analysis proceeded by using a correlation matrix as input. The correlation matrix used is reproduced in Appendix 5.

It was suggested earlier that the size of sample to be analysed meets the recommended size of 100 - 200 observations for structural equation modelling. Furthermore, it is recommended that there should be a minimum of five observations for each parameter to be estimated (Jorekskog and Sorbom 1989). In the model shown in Figure 6.1, 37 parameters require estimation, with data provided from 172 observations, slightly below the recommended level of observations to parameters (a ratio of 4.6:1).

The LISREL programme is sensitive to missing data. By default, the correlation matrix on which subsequent structural equation modelling is carried out excludes all cases which have missing values for one or more variables. The reduced sample size thereby

lowers the degrees of freedom in goodness of fit models and hence the statistical significance of the fitted model. It will be recalled from Chapter 5 that adjustments to missing observations were made to the data set in order to minimise the problem of missing data.

6.5.5 Assessing the identification of the structural model

To be useful, a structural equations model should be able to generate unique parameter estimates. If a model produces different estimates on subsequent runs, this may be the result of a failure to adequately identify the model. Identification problems may result, for example, from recursive relationships between variables which produce an unstable model. Symptoms of an unidentified model include very large standard errors for one or more coefficients; unreasonable or impossible estimates, such as negative estimates of variance; and high correlations among the estimated coefficients.

Several attempts were made to specify a model in terms of standard LISREL procedures, based on the equations specified in Table 6.10, but which resulted in error messages appearing, indicating a series of equations which were not identified. These initial errors were due to mistakes in applying LISREL notation. The final version of the model used for hypothesis testing was free of identification problems. The degrees of freedom available in the model used for hypothesis testing was 165.

6.5.6 Outcomes and evaluation of model

The final stage of structural equation modelling is to interpret the output of the model. There are three principal approaches to interpreting and evaluating the output:

- i. assessing the extent to which the scale items are reliable indicators of the hypothesised underlying constructs;
- ii. interpreting the coefficients which relate the effects of exogenous and endogenous variables on each other and assessing these coefficients for statistical significance;
- iii. evaluating the overall goodness of fit of the model in terms of its ability to explain variation in the data.

Prior to assessing the model, a number of diagnostic tests were made to ensure that the model met the requirements of a LISREL model. The first test was in respect of the assumption of normally distributed data on which structural equation modelling is based. Tests of kurtosis and skewness were made for each of the variables and were considered to represent a satisfactory level of normality. The results of these tests are reproduced in Appendix 6.

A second diagnostic test involved inspecting the output for estimates which contravene the permitted values. These are sometimes referred to as offending estimates and include cases of negative error variances and where loadings of indicators on their construct exceed 1. In both of these situations, no sensible meaning could be founded on the results. No such cases were found.

Outcomes and evaluation of the model are considered in the following section.

6.6 RESULTS

6.6.1 Measurement model outcomes

The outcome of the measurement model provides a more robust indication of the extent to which scale items are good measures of underlying indicators, than the exploratory principal components analysis. In this section, the relationships between individual indicators and their hypothesised constructs are analysed and their statistical significance assessed. This is achieved by examining the loading of each indicator on its respective construct and carrying out tests to assess the reliability and variance of each construct.

The loadings (or coefficients) of each of the indicators on their respective constructs are shown in Table 6.13. The coefficients have been standardised in order to indicate the relative contribution of each indicator to the underlying construct. A test of the significance of each of these coefficients is provided by the t-test statistic. These are shown in Table 6.13 for each indicator. To achieve significance at a level of $p=0.05$, the t test statistic should exceed 1.96, while to achieve significance at the $p=0.01$ level, the t test statistic should exceed 2.576.

It can be seen from Table 6.13 that all of the indicators are significantly related to their constructs at the $p=0.01$ level (that is, the loadings of all indicators on their respective constructs are significantly greater than zero). One coefficient indicator per construct was fixed at a value of 1 while other coefficients were estimated. It is not therefore possible to derive a T-value statistic for the fixed coefficients.

Table 6.13 LISREL estimates of measurement model coefficients

Indicator	Endogenous constructs		
	Commitment	Effectiveness	
Q01	.410 (-)		
Q04A	-.349 (-3.579)		
Q31	.912 (5.410)		
Q32	.904 (5.416)		
Q8		.712 (-)	
Q11		.920 (11.984)	
Q12		.898 (11.700)	
Q13		.831 (10.813)	
Q14		.667 (8.609)	
Q15		.626	
	Exogenous constructs		
	Governance	Reciprocity	Compatibility
Q18	.712 (-)		
Q20	.715 (8.885)		
Q29	.663 (8.253)		
Q16A		.713 (-)	
Q16B		.787 (9.304)	
Q16C		.861 (9.851)	
Q16D		.720 (8.591)	
Q21			.442

Q22	(-) .996 (3.680)
Q23	.361 (3.965)
Q24	.303 (3.489)

Note: Figures shown in brackets are t-values of coefficient estimates

A further approach to assessing the measurement model is to examine the error variances of the indicators. The total variance of any indicator can be divided into two components: that which is in common with the latent construct; and a second part which is due to error. The proportion of the variance that is in common with the construct is referred to as the communality of the indicator. The higher the communality of an indicator, the better and more reliable the indicator is of the underlying construct and vice-versa. In LISREL, communality is referred to as the squared multiple correlation. As a general rule of thumb, it is suggested that a cut-off for acceptable communalities is 0.5 (Sharma 1996). This is based on the logic that an indicator should have at least 50% of its variance in common with its construct. For the endogenous constructs, six out of ten indicators had communalities exceeding 0.5. For the exogenous constructs, this figure was six out of eleven. Over half of all indicators exceeded the suggested cut-off. Full details of error variances are reported in Appendix 7.

While the squared multiple correlations are used to assess the appropriateness of each indicator, it is also useful to assess the appropriateness of groups of indicators of a construct. For this purpose, LISREL reports the total coefficient of determination for exogenous and endogenous indicators. This is defined as the determinant of the covariance matrix of the error variances divided by the determinant of the sample covariance matrix (this value is deducted from 1 to give the coefficient of

determination). A commonly recommended cut-off value for acceptable construct reliability is 0.80, although coefficients as low as 0.50 have previously been accepted (Sharma 1996). For this study, the total coefficient of determination for exogenous variables was 0.997 and for endogenous variables 0.986. These comfortably exceed the suggested cut-offs.

It is worth noting that the results from the measurement model vindicate the use of the scale items for commitment, which produced a value for Cronbach's Alpha slightly below the commonly accepted cut-off point at the exploratory stage.

6.6.2 Structural model outcomes

LISREL produces a series of structural coefficients, which refer to the strength of effects of one construct on another. Beta coefficients refer to the effects of one endogenous construct on another endogenous construct, while Gamma coefficients refer to the effects of exogenous constructs on endogenous constructs. It will be recalled that in the process of building a model from the path diagram, some coefficients were specified as fixed (i.e. there is presumed to be no effect of one variable on the other), whereas others were specified as variable. LISREL produces estimates for the latter.

To facilitate subsequent interpretation, the most useful measures of coefficients are those which have been completely standardised. A completely standardised solution is scale invariant and thus shows the relative importance of each of the exogenous and endogenous constructs in contributing to perceived effectiveness of a local tourism association.

Table 6.14 LISREL estimates of structural model coefficients (completely standardised solution)

Endogenous Dependent Variables	Exogenous Independent Variables			Endogenous Independent Variable
	Governance	Reciprocity	Compatibility	Commitment
Effectiveness	.952 (8.190)	-.064 (-1.291)	-.178 (-3.263)	.446 (3.916)
Commitment	-	.039 (0.490)	-	-

Note: Figures shown in brackets are t-values of coefficient estimates

It will be recalled that effectiveness is hypothesised as being directly influenced by the exogenous constructs of governance, reciprocity and compatibility and by the endogenous construct of commitment. Effectiveness was also hypothesised to be indirectly affected by the construct of reciprocity, mediated through the endogenous construct of commitment.

The results of the structural model are shown in Table 6.14. It can be seen that the strongest direct effect on effectiveness was from the construct of governance which had a coefficient of 0.963. A coefficient of 1.0 indicates a perfect positive relationship between the two variables in question, while a value of 0.0 would indicate no effect. The statistical significance of this association can be tested with a two tailed t-test. The t-test statistic for the coefficient of the governance construct was 8.162, which comfortably indicates that the coefficient is significantly different to zero at $p=0.001$. The findings of the LISREL model confirm the earlier exploratory regression analysis

which had indicated the high influence of indicators of governance style in contributing to effectiveness.

It will be recalled that a high score for governance indicators were associated with a style of governance which was at the "tight" end of a loose-tight continuum. The structural model was clearly suggesting that respondents were more likely to perceive their association as being effective where they perceived the governance style of the association as being tight. Further implications of this finding are discussed in the conclusions chapter.

The second most influential effect on effectiveness was derived from the construct of commitment, for which a standardised coefficient of 0.427 was obtained. This was significantly different to zero at $p=0.001$. High levels of commitment by respondents were clearly associated with high levels of perceptions of their association's effectiveness. It was argued that this was to be expected, as a high level of commitment by members may prevent the disbandment of an association which may occur where levels of commitment are low. It must also be remembered, however, that the fact that an individual perceives a high level of effectiveness may *result* in a high level of commitment by themselves to their association. Thus, there may be a case for seeing effectiveness as a cause as much as a consequence of commitment. The possibility of a recursive relationship between these two variables is discussed later in this analysis and its implication returned to in the conclusions.

The third most influential construct affecting effectiveness was compatibility. The coefficient for this was -0.180, with a t-test statistic of -3.313 (significantly different to zero at $p=0.01$). A high score for compatibility indicated a high level of perceived compatibility between members, while a low score indicated perceived incompatibility. Perceived compatibility was measured with respect to such items as the consistency of

goals and management styles between members. This finding suggests that effectiveness is negatively related to perceived compatibility - that is, incompatibility among members results in a more effective local association. The implications of this finding are discussed in the following chapter.

The final hypothesised antecedent construct of effectiveness was reciprocity. A high value for this construct indicated that respondents' perceived a fair balance between what they put into their association and what they got out of it in terms of influence and resources. Published literature had suggested that a high level of perceived reciprocity should be associated with a high level of effectiveness. This was not the case in this study, as the structural coefficient of -0.064 was not significantly different to zero ($p \leq 0.05$). It should be noted that this could not be attributed to a poor specification of the indicators of reciprocity, as all indicators loaded significantly on the construct. The value of Cronbach's Alpha for this construct was 0.847, comfortably above the suggested cut-off of 0.70.

The final coefficient estimated was the effect of reciprocity on commitment. The coefficient was not statistically significant (t test statistic = 0.490).

6.7 ASSESSING GOODNESS OF FIT OF MODEL

Numerous measures have been proposed to evaluate the goodness-of-fit of a structural equations model. These can be divided into measures which evaluate:

- i. the overall model fit
- ii. the suitability of the manifest indicators as measures of latent constructs
- iii. the significance of individual structural coefficients.

6.7.1 Evaluating the overall fit of the model

LISREL provides three approaches to evaluating the overall fit of a model, i.e. the extent to which predicted values produced by the model fit the observed data. The three approaches are based on absolute fit measures; incremental fit measures and parsimonious fit measures (Marsh, Bella and McDonald 1988). In the following section, the results of goodness of fit tests are summarised and their significance assessed. Full details of goodness of fit measures are reproduced in Appendix 8.

- i. A number of absolute fit measures are provided by LISREL. A commonly used initial indicator is the likelihood chi-square statistic. The calculated chi-square value for the model is 710.67, with 165 degrees of freedom. This has a statistical significance of $p = 0.000$, showing support for the hypothesis that there is no significant difference between the data observed and the values which would have been predicted by the model. It is therefore indicative of an acceptable fit. However, it is suggested that the chi-square statistic should not be regarded as a test statistic in its own right, but as a goodness of fit measure in the sense that large chi-square values correspond to bad fit and small values to good fit (Jorekskog and Sorbom 1989). The measure is sensitive to sample size and to assumptions of normality in the variables being tested.
- ii. Additional measures were used to supplement the chi-square statistic. LISREL reports a Goodness of Fit Index (GFI) (Tanaka and Huba 1985). The GFI is defined as the amount of variance and covariance in the covariance sample matrix that are predicted by the model. The GFI is equal to 1 where the sample covariance matrix is identical to the estimated covariance matrix. The closer the GFI is to 1, the better the fit of the model to the data. A rule of thumb is that the GFI for good fitting models should be greater than .90 (Marsh, Bella and

McDonald 1988). The GFI produced in the model tested was .730, below the suggested cut-off.

- iii. An alternative goodness of fit index is the adjusted goodness of fit index (AGFI) which is essentially the GFI adjusted for degrees of freedom. The suggested cut-off value for AGFI is 0.80 (Marsh, Bella and McDonald 1988). The value of AGFI calculated for this model is .661, which is again below the suggested cut-off value.
- iv. The final commonly used indicator of overall model fit is the Root Mean Square Residual (RSMR). RSMR is the square root of the average of the square of the residual values. The reported RSMR was .121. The larger the RSMR, the poorer is the fit between the model and the data. Because the measure reported is dependent on the scales used, it is not possible to define a cut off point for goodness of fit.

Taken together, the tests for goodness of fit give some qualified support to suggest that the model fits the data well. While the chi-square statistic indicated no difference between actual observations and model predictions (i.e. a good fit), the goodness of fit index criteria were less rigorously fulfilled. It must however be remembered that suggested cut-offs for goodness of fit are somewhat arbitrary. It must also be remembered that these indicators merely show that there is some significance in the correlations found between the variables defined. They cannot say whether such correlations are well founded on theoretical grounds. This can only be achieved by having a good understanding of the underlying theory on which the model to be tested was based.

6.7.2 Model respecification

LISREL provides a number of diagnostic indicators which suggest ways in which a model can be adjusted to better fit the data. However, re-specification solely on the basis of such indicators cannot be justified unless such modifications are based on an understanding of underlying theory. A major strength of structural equations analysis is its ability to test data against a hypothesised model, rather than merely establishing associations between data. The latter is a characteristic of exploratory factor analysis and modifications which are undertaken solely to produce a better fit could result in a model which has little underlying validity in terms of explaining the phenomena which it claims to model.

It should also be recalled that some modification of the model had been undertaken at the stage of exploratory principal components analysis. Indicators of constructs which did not load on their hypothesised constructs were deleted from the list of indicators of the construct. There are arguments about whether such a rationalisation of indicators should be undertaken at the exploratory stage or as part of a respecification of a series of structural equations. In this case, the former approach was adopted, but a subsequent LISREL model was created which included the deleted construct indicators. Using the modification indicators described below, similar indicators for deletion were identified, thus validating the modifications made at the exploratory stage. No attempts were made at the exploratory stage to modify the hypothesised relationships between the constructs.

LISREL produces a number of measures which assist in identifying possible modifications to the model tested. One approach is to test a number of competing models with different parameter specifications. Differences in the goodness of fit

indicators discussed above show the improvement or deterioration in model performance which can be attributed to the included or excluded model parameters.

Where only one model is being tested, a number of approaches can be used to identify possible modifications. The first approach is to examine the significance of the coefficients estimated by the model. All indicators of underlying constructs proved to be statistically significant, partly reflecting the exploratory principal components analysis which had led to the omission of insignificant indicators prior to running the LISREL model. Of the structural coefficients, all were significant except the coefficients linking reciprocity with commitment and reciprocity with effectiveness. No theoretical arguments were apparent for excluding estimates of these coefficients from the model.

A further guide to model respecification was provided by the modification indices generated by LISREL. It will be recalled that LISREL is based on a series of matrices relating indicators to constructs; constructs to other constructs and indicators to error terms. The process of developing a LISREL model involved specifying those elements of the matrix which were of interest as variable (indicated in the programme instructions by a 1), while all other matrix elements were fixed (indicated in the programme instructions by a 0). The modification indices indicate the effects of making previously fixed relationships variable. This is shown as the reduction in chi-square values for overall model fit which would result from freeing up a fixed element of a matrix. Modification indices for the measurement and structural equations are shown in Appendix 9. The highest modification indices are summarised in Table 6.15.

Table 6.15 Modification indices for structural and measurement model equations

Indicators of exogenous and endogenous constructs

Construct	Indicator	Modification Index
Governance	.Q16A	26.948
Governance	Q22	16.060
Governance	Q21	15.657
Commitment	Q11	13.780
Governance	Q16D	9.939
Commitment	Q12	6.258
Reciprocity	Q18	6.998
Effectiveness	Q01	6.981
Compatibility	Q18	6.902
Governance	Q24	6.479

Structural Equation Coefficients

Dependent construct	Independent construct	Modification index
Commitment	Effectiveness	2.862
Commitment	Compatibility	1.050

An analysis of the modification indices for construct indicators suggested no serious grounds for respecifying the hypothesised relationship between indicators and constructs. It must be remembered that it is unrealistic for any scale item to be considered to be an indicator of only one underlying construct and modification indices indicating opportunities for respecifying indicator-construct relationships should therefore be expected. However, the items included in the list of indicators had previously been validated as sets of scale items (although the context of their application differed somewhat) and there are philosophical arguments against splitting up a set of items in this way. Furthermore, there were no apparent theoretical

It was interesting to note that the highest modification indices were associated with the construct of governance. It was noted earlier that governance was the most significant antecedent construct to emerge from the structural equations, suggesting that multicollinearity may exist between the indicators of governance and other indicators with high modification indices.

In the case of the structural coefficients, the maximum modification index was 2.862. While this in itself is not very great, it did indicate that model performance could be improved by introducing a backward line of causation from effectiveness to commitment. The model tested hypothesised that commitment was an antecedent of effectiveness and a statistically significant result was found for this coefficient. There had been some suggestion in the literature of a recursive effect - that is, that the effectiveness of an organisation could increase members' commitment to it. Because of the relatively low modification index obtained, it was decided not to re-run a revised recursive model, but to note the implications of the index in the conclusions.

6.8 ANALYSIS OF DATA TO TEST SECONDARY HYPOTHESES

In Chapter 5, a number of secondary hypotheses were defined. These were not considered to be central to the desire to learn more about the relationships between the four core antecedent constructs and the construct of effectiveness, but would add to general understanding of the effectiveness of collaborative tourism associations. A further series of secondary hypotheses were therefore defined which sought to further explain the antecedents of the core constructs. A distinction can be drawn between an indicator of a construct and an antecedent factor. The former are hypothesised to be manifestations of the underlying construct, whereas the latter are hypothesised to be behaviourally independent factors whose relationship to a construct is the subject of investigation.

There are theoretical arguments in favour of incorporating the testing of secondary hypotheses within the model which was developed to test the main hypotheses. The principal advantage is that a full range of direct and indirect effects can be explored within a large network of related variables. By considering the secondary hypotheses separately, valuable insights into data interaction may be missed.

It was decided not to test the secondary hypotheses within the main model, but to develop a separate series of tests. This approach was justified for a number of reasons:

- i. most of the secondary hypotheses relate to phenomena which can be readily measured, in contrast to the principal hypotheses which sought to test the existence and strength of constructs which were latent. While the measurement and structural properties of LISREL are well suited to the study of complex inter-relationships between latent constructs, LISREL is unnecessarily complex for the study of measurable phenomenon with single indicators.
- ii. a number of variables used to test the secondary hypotheses comprised dichotomous questions or interval data. It has been noted that LISREL is less capable of handling dichotomous variables, although a number of methods of overcoming this problem have been proposed (Mislevy 1986).
- iii. by adding secondary hypotheses to be tested to the main LISREL model, the number of coefficients to be estimated would be increased. Because of the reduced degrees of freedom which would be available, the statistical significance of results produced by the whole model would be reduced.

- iv. the LISREL model does not by itself allow for the incorporation of qualitative data. It was felt that the nature of the secondary hypotheses being tested supported greater use of data collected from the structured interviews.
- v. for some of the secondary hypotheses to be tested, it is useful to compare information collected from the questionnaire survey with that collected from the structured interviews (for example, there were sometimes differences between the two sources in the level of membership subscription fees which were reported).
- vi. while dependent and independent variables used in the main hypotheses are uniquely determined by each respondent, many of the variables used for the secondary hypotheses represent fixed values common to all members of an association. The unit of analysis to test these hypotheses should therefore be the tourism association, rather than the respondent member.

6.8.1 Effects of an association's financial, human and operational resources on its governance style (Hypothesis H1A)

Governance refers to the means by which relationships between inter-related components of a system are regulated. In the context of collaborative tourism marketing associations, the literature had suggested that governance systems can be placed along a continuum which runs from loose and informal through to tight and formal.

Responses to questions which formed the indicators for the governance style construct were based on Likert scales. A low score indicated agreement with a statement which portrayed a loose governance style, while a high score indicated disagreement and

therefore implied a relatively tight governance structure. To facilitate the creation of a composite score, the indicators of question 20 were reverse scored, so that a high score consistently implied a tight governance structure. To test the secondary hypotheses, a mean score for governance for each respondent was produced from the indicators of governance. From this, mean scores for each association were calculated. Statistical tests were carried out on these mean scores, with the local tourism association, rather than the individual member, the unit of analysis. Mean scores were preferred to factor scores, as the latter become invalid in correlation analyses.

A series of correlation analyses was carried out between scores for governance style and indicators of financial, human and operational resources. These are considered in turn below.

Effects of financial resources on governance style

Two indicators of the financial resources of an association were available for this study: the subscription fees paid by members; and whether the association received a grant from a local authority.

It can be presumed that, all other things being equal, the higher the membership fee paid by members, the greater the financial resources available to an association. Respondents were asked to report the annual amount of their membership subscription. These figures were compared with the scale of membership fees stated by association officers in the structured interviews and appeared to agree with each other. However, there were a number of cases where respondents reported paying membership fees which were above the level suggested during the structured interview. This may have been explained by members including charges for ancillary services (such as advertising in brochures or space at exhibitions) within the amount

they reported for their membership fee. It was felt that this should not invalidate the results of this analysis, given that membership subscriptions is only a crude indicator of financial resources available to an association.

The Pearson correlation coefficient of mean score for governance style and mean subscription fees paid for each association was .0942. The two-tailed test of significance was $p=0.220$. The conclusion was that there was no significant effect of membership subscriptions on governance style, or vice-versa.

Effects of receipt of local authority grant on governance style

The second indicator of financial resources was based on whether an association was in receipt of a grant from a local authority. This is a crude dichotomous measure, as information was not collected on the amount of any such grant. It is also doubtful whether a figure for the actual amount of funding received would have been more useful, because to have comparative meaning, it would have to be normalised to take account of the size of an association (a small grant received by a large organisation may be expected to have different effects on governance compared to a large grant in absolute terms received by a smaller association).

Responses to the questionnaire survey were cross-checked with information collected from the structured interviews to identify those associations which received a grant from a local authority. In a small number of cases, there was disagreement between the two sources. One explanation for this may have been where an association received a one-off grant in the past, this may have been recorded by respondents to the questionnaire survey, while the structured interviews sought to establish whether there was any regular funding from a local authority. The latter type of funding was considered to be of most interest to this analysis.

The sample was divided into those associations which received a grant and those which did not. A t-test was used to compare the equality of means of the two groups. This showed no significant difference between the two groups (t test statistic = 1.03; $p=0.21$).

Effects of administrative resources on governance style

It was hypothesised that governance style is affected by the administrative resources available to an association. Administrative resources were defined in terms of whether a local association had an official, paid secretariat. The structured interviews had suggested that the presence of a paid secretary was vital if the policies of an association were to be implemented. Without such assistance, it was felt that tasks would only be completed through a process of co-operation among members who themselves had competing demands on their time and who may have been reluctant to undertake action which might have offended fellow members. A secretary was seen as a neutral person who could single-mindedly devote time to implementing the association's policy.

The unit of analysis used here was again the local association. Governance style was measured as before, and the sample was divided into those associations which had a paid secretariat, and those which did not. A t-test was used to compare the equality of means of the two groups. The mean score for governance style for those groups with a secretary was 2.156, compared to 1.911 for those without. The t-test for equality of means was 2.17, which indicates a statistically significant difference at $p=0.05$.

The implication of this test is that associations with a paid secretariat are perceived as having a tighter governance style than those without. However, it should be noted that the statistical significance of this difference is not particularly high.

6.8.2 Governance style and the duration to date of an association's existence (Hypothesis H1B)

It was argued in Chapter 5 that organisations have an observed tendency to go through some form of life cycle, as the missionary zeal of new organisations gave way to complacency and sometimes subsequently to disillusionment. It was suggested that as organisations go through this life cycle, governance styles change. It can be argued whether governance style adapts to changed circumstances dictated by extra-organisational factors, or whether changes in governance style are an important contributor to the changing fortunes of an organisation.

It proved difficult to operationalise the research to test this hypothesis. The structured interviews had suggested that organisations go through good and bad times, with one interviewee suggesting that this might be related to the age of an association. When asked about the age of their association, it became apparent that it would be difficult to obtain a simple measure of age. A number of problems arose in seeking to establish the age of an association:

- i. three interviewees didn't know exactly when their association was established
- ii. some associations appeared to have evolved through a process of informal collaboration and it was difficult to identify at what point the association, as currently recognised, first appeared

- iii. one association had been the result of a merger of two established associations and it was unclear from what date the association should be considered to have been founded
- iv. by contrast, one association was the result of a breakaway of a special interest group from another association in its area and it was again difficult to state when the association began life.

Because of the inherent problems in establishing the date of creation for associations in the sample, it was not possible to test the secondary hypothesis relating governance style to the age of an association with any reasonable degree of theoretical validity or measurement reliability.

6.8.3 Governance style and membership size (Hypothesis H1C)

It was hypothesised that governance styles reflect the size of an organisation. To test the association between the two variables, governance style was again operationalised as the mean score of the scale items measuring governance style. The mean score of these items for each tourism association was calculated. Size was measured as the number of members of a local tourism association. This information was obtained during the course of the structured interviews, or from other published lists of association members.

A correlation analysis was undertaken. This was based on 13 cases (i.e. one observation for each tourism association). A Pearson Correlation Coefficient of -0.0665 was obtained with a two-tailed test of significance of 0.829. This indicated no statistical significance in the relationship between governance style and membership size.

6.8.4 Internal compatibility and members' organisational background (Hypothesis H3A)

In Chapter 5 it was hypothesised that an antecedent of compatibility within an organisation was the similarity between members of an association. One indicator of a member's background is the type of business organisation that they represent, with the suggestion, for example, that a small entrepreneur may have quite different expectations of a collaborative association than a manager of a large national multi-site company.

The construct of compatibility was measured using the four indicators in the questionnaire survey. These reflected individual respondents' perceptions of the internal compatibility among members of their association. The reliability of these items as indicators of the construct was 0.723 (Cronbach's Alpha), indicating an acceptable level of reliability. In the test of this secondary hypothesis, the mean scores for each indicator of compatibility were calculated for each respondent. The mean compatibility score for each association was then calculated from all respondents belonging to each association.

The number of staff employed by the respondent was taken as a good indicator of a member's business background. Numerous studies have related, within any particular sector, the number of employees of an organisation to various structural and process characteristics of organisations (discussed in Chapter 5). These include differences in organisational culture, responsiveness to change and risk aversity. Number of employees was a relatively easy piece of information to collect from respondents to the questionnaire survey which did not excessively breach confidentiality and could be easily calculated by most respondents. For each association, the mean number of

employees of respondents was calculated. The standard error of this mean gave an index of compatibility. A low standard error would indicate a high level of compatibility between organisations, while a high standard error would indicate the existence of a large proportion of possibly incompatible small and large sized organisations.

A correlation analysis was undertaken on the two variables of the mean compatibility score and the standard error of members' size, for each of the tourism associations surveyed. A Pearson correlation coefficient of 0.151 was obtained (two-tailed test of significance $p = 0.621$). This indicated no significant relationship between the variables.

A further test of the antecedents of compatibility was made by examining the diversity of business sectors which are represented by members of an association. While some associations catered exclusively for specialist areas of the local tourism sector (e.g. hoteliers' associations), others were more general in that they attract membership from a diverse range of business sectors. For this test, internal compatibility was measured as before, by the mean scores of respondents' perceptions of compatibility, averaged for each association. The diversity of business sectors represented by respondents was more difficult to operationalise. Respondents to the questionnaire survey were asked to choose from one of six tourism sectors which best described their business, plus a category for "other". A measure chosen to indicate the diversity of business sector backgrounds of respondents was the percentage of respondents who belonged to the most dominant group. In the extreme case of exclusively single sector associations, this index was 100. The minimum theoretically possible (assuming no businesses are classified as "other") was 16.7, representing an association in which respondents were uniformly distributed between all six business sectors.

A correlation analysis was carried out of the two variables, for each of the 13 tourism associations surveyed. A Pearson correlation coefficient of -0.350 was obtained, (two-tailed test of significance $p = 0.241$). No statistically significant correlation was evident between perceived compatibility and diversity of respondents' business sector.

The lack of correlation could reflect the simultaneous validity of two competing propositions described earlier. On the one hand, similarity between members could improve communication between members who share a common business environment. On the other hand, members may have a greater interest in developing relationships with business people representing different sectors because such businesses do not represent direct competition and present opportunities for sharing of core competencies.

6.9 INDIRECT EFFECTS OF SECONDARY ANTECEDENT FACTORS ON THE EFFECTIVENESS OF ASSOCIATIONS

It was noted earlier that an important advantage of testing both the principal and secondary hypotheses in one structural equations model is to allow for identification of the indirect effects of the secondary antecedent factors on the construct of effectiveness. While there were considered to be good reasons for testing the secondary hypotheses outside of the main model, it was nevertheless recognised that some investigation should be made of the indirect effects of these factors on effectiveness.

In this section, a correlation analysis was carried out between respondents' mean scores for effectiveness (measured using the five construct indicators used in the main model) and the antecedent factors of: level of membership subscriptions; size of an association's membership; diversity of members' business size; and diversity of

members' business sector. Correlation analyses were undertaken using 13 data observations (i.e. each tourism association represented the unit of analysis). In addition, t-tests for equality of means was carried out in respect of the dichotomous variables of whether an association received a grant from a local authority and whether it had a paid secretariat. These are considered in turn below.

Association effectiveness and level of membership subscriptions

Level of membership subscriptions was operationalised in the manner described earlier. A correlation coefficient of -0.643 and a two-tailed significance value of $p=0.018$ was obtained. This indicates that there is a significant inverse relationship between the level of subscriptions paid by members of an association, and their perceptions of its effectiveness. One possible explanation of this which emerged from interviews with officers is that members of associations with high subscriptions may have had relatively high expectations of benefits from their membership. The inverse relationship between subscriptions paid and perceptions of effectiveness could reflect differences in respondents' expectations base.

Association effectiveness and size of its membership

No correlation was found between the size of an association's membership and the mean score for members' perceived effectiveness of the association. A correlation coefficient of -.2105 and two tailed test of significance gave $p=0.490$.

Association effectiveness and diversity of members' business characteristics

No correlation was found between the mean score for effectiveness and the two hypothesised indicators of compatibility between members: the standard error of their

size; and the proportion of members who belonged to the most dominant industry sub-sector. The Pearson correlation coefficients and two-tailed tests of significance were 0.341 ($p=0.253$) for the former and -0.385 ($p=0.194$) for the latter.

Association effectiveness and whether a grant is received from a local authority

Associations were divided into those which received a grant from a local authority and those that did not. The mean respondents' score of effectiveness for the former group was 2.16 and 2.15 for the latter. The two tailed t-test statistic was 0.04, indicating that there was a .969 probability that they were drawn from the same population.

Association effectiveness and administrative resources available

Associations were divided into those which had a paid secretariat and those that did not. The mean respondents' score of effectiveness for the former group was 2.27 and 2.21 for the latter. The two tailed t-test statistic was 0.43, indicating that there was a .669 probability that they were drawn from the same population.

It must be remembered that all tests of secondary effects were carried out with the tourism association as the unit of analysis, rather than the individual respondent member. The sample size and the degree to which statistical inferences could be made was therefore reduced.

6.10 SUMMARY OF RESULTS OF HYPOTHESIS TESTS

In this section, the results of the analysis are briefly summarised against each of the hypotheses defined in Chapter 5. In the following chapter, the results of the hypothesis testing will be evaluated and general conclusions drawn.

Hypothesis	Result
Hypothesis 1: There is an association between the style of governance of a collaborative organisation and its effectiveness	Strong proof of an association
Hypothesis 1A: The governance style of a collaborative tourism marketing association is influenced by the financial, human and operational resources at its disposal	Not proven (although partial proof in respect of some indicators)
Hypothesis 1B: The governance style of a collaborative tourism marketing association is influenced by the duration to date of its existence	Not proven
Hypothesis 1C: The governance style of a collaborative tourism marketing association is influenced by its scale, as indicated by the size of its membership	Not proven
Hypothesis 2: The perceived effectiveness of a collaborative organisation will be improved where there is a high level of reciprocation of benefits and obligations between members	Not proven

Hypothesis 3: A collaborative organisation will be considered more effective by its members where there is internal compatibility between members

Not proven (although strong proof of reverse effects)

Hypothesis 3A: Internal compatibility between members of a collaborative marketing association is increased by a close matching of organisational backgrounds of members.

Not proven

Hypothesis 4: A high level of antecedent commitment by members of a collaborative association is positively associated with its effectiveness

Reasonable proof

Hypothesis 4A: Commitment to a collaborative tourism marketing association is positively related to the level of reciprocity between members

Not proven

CHAPTER SEVEN

CONCLUSIONS

7.1 INTRODUCTION

In this chapter, conclusions are drawn from the research reported in previous chapters. The first part seeks to reach conclusions in respect of each of the hypotheses specified in Chapter 5. Quantitative and qualitative data are reviewed in the context of the associated literature. A review of the primary hypotheses is followed by a review of the associated secondary hypotheses.

Following the review of the specific hypotheses, the validity of the research will be evaluated, especially the appropriateness of the constructs which have been used in the tests of the hypotheses.

An assessment will be made of the extent to which this research contributes to the theoretical body of knowledge on inter-organisational marketing relationships, and to recommendations for good practice.

Finally, in the context of the limitations of the current research, recommendations will be made for follow-up research of issues raised in this study.

7.2 EVALUATION OF HYPOTHESES

7.2.1 Hypothesis 1: There is an association between the style of governance of a collaborative organisation and its effectiveness

The review of literature led to governance style being operationalised along a continuum from loose to tight. Scales were developed which purported to represent a loose governance style by a low score and a tight style by a high score. The results of the quantitative analysis strongly supported the hypothesis of an association between governance style and perceived effectiveness. Tightly governed local tourism associations were perceived by their members to be more effective than loosely governed ones.

The measurement model of LISREL gave strong support for the reliability of the indicators of the construct of governance, while the structural model showed a high level of statistical significance for the structural coefficient (t-test statistic = 8.162). As well as having statistical reliability, it was argued that the governance construct had validity in that the indicators were a true reflection of the phenomenon being described. Thus responses to the statements "I consider the association to be based on a shared informal understanding rather than written terms and conditions"; "The association has an efficient and effective secretariat"; and "We are able to openly discuss with other

members of the association on the way we should go about collaboration" have semantic meanings which correspond to a loose-tight fit governance continuum. Having reverse scored the Likert scale responses where appropriate, low scores for each response could be semantically interpreted as indicative of a loose style of governance.

The structural coefficient suggested that the most effective tourism associations were ones characterised by formal rules and conditions which governed relationships between members; the presence of an efficient and effective secretariat; and a lack of opportunities for discussing the management of the association. At first, correlating these phenomena with perceptions of effectiveness may seem counter-intuitive, especially the latter item which might have suggested that respondents looked unfavourably on having opportunities to discuss the business of their association. However, respondents were not being asked for their views about the processes by which their association was run, but rather the outcomes. For the latter, effectiveness was operationalised in terms of outcome benefits to respondents. It could, therefore, follow that the most effective associations were those characterised by decisive leadership and a good level of administrative resources to support such leadership in achieving the association's objectives.

A further possible explanation of the effects of a tight governance style on organisational effectiveness came from the structured interviews. Two respondents reported that strong leadership was essential to success. One referred to the importance of having a strong leader to promote the cause of the association. By contrast, it was felt that a style which was too open could result in a local association becoming a "talking shop" without achieving results which benefit members.

While it is quite plausible that a strongly led, tightly governed organisation may have been associated with effectiveness in the sample of association members surveyed, it needs to be asked what would happen where an association is run in a tight manner which did not satisfy the interests of members. One result may be that members defect from an association which they perceive as delivering no valuable outcomes and where they perceive that they have little opportunity to change the association's policy. Where the level of defection is high, an association may cease to exist. The absence of failed associations from this study may have biased its results, possibly causing tight governance style to be unduly seen as an antecedent of success (based on extant associations which been part of the survey population), rather than failure (which may possibly have been the case if extinct associations were included in the survey population).

Hypothesis 1A: The governance style of a collaborative tourism marketing association is influenced by the financial, human and operational resources at its disposal

This hypothesis specified no magnitude of the effects of an association's financial, human and operational resources on its perceived effectiveness, nor whether there was a positive or negative effect on governance style. The literature had produced alternative views on the relationship between the two groups of phenomena, thus this research merely set out to confirm whether or not such a relationship was evident.

In the case of the financial resources at the disposal of an association, two measures were operationalised for the quantitative study: the subscription fees paid by members; and whether the association received a grant from a local authority. It was presumed that, all other things being equal, the higher the membership fee paid by members, the

greater the financial resources available to the association. Similarly, receipt of a grant from a local authority could be presumed to increase the financial resources available to an association. Although these are crude measures of financial resources, it became clear from the structured interviews that they were probably better than direct measures of an association's wealth, measured for example by its bank balance and property assets. Very few local tourism associations appeared to have significant credit bank balances or owned property. They tended to have annual budgets in which available revenue (or projected revenue) was applied to a prioritised list of projects. The majority of their revenue appeared to be derived from membership subscriptions and miscellaneous grants, thus these were probably good indicators of financial resources available.

The results of the quantitative analysis indicated no significant effect of financial resources on the governance style of an association. The structured interviews had suggested that there was likely to be an effect, as "rich" associations were better able to afford secretarial support. Such support, it was felt, could allow a Chairman or Executive Committee of an association to govern its association with less need for co-operation from members to carry out its plans. The implication was that secretarial support could thereby tighten the governance style of an association.

In respect of the administrative resources available to an association, the existence of a paid secretariat was correlated with a high level of perceived effectiveness in the quantitative survey (although the difference was only statistically significant at $p=0.05$). This therefore confirmed the suggestion from the interviews that the existence of a secretary was likely to lead to a relatively tight governance style.

It emerged from the interviews with senior officers of associations that there may be a reverse effect between the financial and administrative resources available to an

association and its style of governance. It was specifically suggested that a tight governance style could *result* in an association acquiring greater financial and administrative resources. The suggestion was that an association with a tight governance style was better able to organise itself in such a way that it could acquire further resources. Of those associations which had a paid secretariat, an important function of the secretary appeared to be generating new sources of revenue and following up lapsed members. Tightly run organisations also appeared to be better able to focus on the task of pro-actively obtaining finance from local authorities or other public bodies. Without this tight focus, the association was more likely to be reactive in its attitude towards new funding opportunities.

Although no direct effect of financial resources on respondents' perceived effectiveness of their association was hypothesised, it is interesting to note the results of the correlation of these two variables. It might have been expected that a higher level of membership subscriptions, as a proxy for financial resources available to an association, would have resulted in a more effective organisation. It might have been expected that a well resourced organisation would have the ability to implement programmes which poorer associations were only able to talk about. In fact, there was a negative correlation between the level of membership subscriptions and respondents' level of perceived effectiveness ($p=0.018$). One possible explanation of this which emerged from interviews with officers is that members of associations with high subscriptions have relatively high expectations of benefits from their membership. The inverse relationship between subscriptions paid and perceptions of effectiveness could reflect differences in respondents' expectations base.

Hypothesis 1B: The governance style of a collaborative tourism marketing association is influenced by the duration to date of its existence

The literature had suggested that most organisations go through some form of life cycle, as the missionary zeal of new organisations gave way to complacency and sometimes subsequently to disillusionment. There was no reason to suspect that collaborative tourism marketing associations should show any different behaviour.

The structured interviews had suggested that organisations go through good and bad times, with one interviewee suggesting that this might be related to the age of an association. However, it proved difficult to develop a methodology which was able to relate the age of an association with indicators of its performance, including governance style. Although the concept of an organisational life cycle may be appealing, operationalising measures of age proved to be too difficult. Of the association officers interviewed for the qualitative research, three did not know when their association had been formed. Two others could not put a date on the creation of their association, because of problems in defining just when the association began life. In one case, a group of hoteliers had met informally for a number of years before formally creating their association, while another had been the result of a breakaway from a larger association whose history went back many years before the date that the sub-group formed a separate association.

Because of the inherent problems in establishing the date of creation for associations in the sample, it was not possible to test the secondary hypothesis relating governance style to the age of an association with any reasonable degree of theoretical validity or measurement reliability. Nevertheless, the issue remains an important one in view of the observed tendency of other types of organisation to go through some form of lifecycle. Further research would be useful to identify if there are critical events in the development of a tourism association whose outcomes can significantly affect its future development. It may, for example, be possible that the appointment of a secretariat marks an important point in the growth of an association and a failure to adopt an

appropriate level of formality may precipitate the transition from a stage characterised by missionary zeal to one characterised by oppressive bureaucracy.

Hypothesis 1C: The governance style of a collaborative tourism marketing association is influenced by its scale, as indicated by the size of its membership

The literature had suggested that as the size of an organisation grows, its style of governance needs to adapt. While a small organisation may be able to survive with a loose, informal style of governance, growth demands a greater degree of formality. While the hypothesis stated that governance style of an association is influenced by the size of its membership, it is also possible that governance style may be a factor that encourages or constrains the growth possibilities of a tourism association.

A correlation analysis of the quantitative survey indicated no significant relationship between size and governance style. However, it should be remembered that whereas most of the quantitative analysis reported in this research relates to the complete sample of respondents, this correlation was based on tourism associations as the individual unit of analysis. Thus with only 13 data observations (compared with 172 in the main analysis), levels of statistical inference can be expected to be low. The hypothesis of a correlation between the variables is unproved, given the limited data available. With a larger sample size, it is possible that a statistically significant correlation may have been found.

As well as there being no direct effect of membership size on governance style, no statistically significant effect of size on perceived effectiveness of an association was observed.

7.2.2 Hypothesis 2: The perceived effectiveness of a collaborative organisation will be improved where there is a high level of reciprocation of benefits and obligations between members

Reciprocity has received much attention in recent discussion of relational exchange. Consensual relational exchange is likely to be sustained where parties to an exchange perceive that they are receiving a fair level of benefits in return for the resources that they have given up to the other parties. Relational exchange may nevertheless continue in the absence of reciprocity, where the parties are held together through economic, legal, technological or social bonds. One party may be able to hold others as hostage in a relationship where it has control over strategic resources required by the dependent party.

Interviews with officers of tourism associations had suggested that members frequently cancelled their membership of an association when they felt they were getting insufficient benefits from their association. This implies a lack of reciprocity between the association and its members. Benefits received by members ranged from tangible benefits such as jointly produced publicity brochures which were perceived as benefiting members directly, through to intangible benefits, such as the network of social relationships which a local tourism association opened up for many members. It is possible that some individuals join a local tourism association primarily to gain benefits from applying pressure to influence local authority policy decisions. This was considered to be a less important reason for members joining the sample of associations studied, which were selected for being primarily marketing rather than political pressure groups. Nevertheless, the possibility remains that some respondents reported low levels of effectiveness because they were assessing their association against expectations which were not based in marketing effectiveness.

The coexistence of tangible and intangible bases of reciprocity was illustrated by interviewees' observations that some officers were prepared to devote large amounts of their time to an association. Some officers gave a superficial suggestion that their contributions to their associations were altruistic, with one officer stating that "If I don't make an effort, we will all suffer". However, it was apparent that individuals making apparently high sacrifices to their association received considerable intangible benefits in return. The nature of the interviews did not allow for in-depth probing of individuals' motivations, but it is possible that officers are motivated by a desire for status within their business community. It also seemed possible that officers benefited by being able to have a greater say in the future development of tourism in their area than if they were merely a member.

In the quantitative survey, a high level of reciprocity indicated that respondents' perceived a fair balance between what they put into their association and what they got out of it in terms of influence and resources. Published literature had suggested that a high level of perceived reciprocity should be associated with perceived high levels of effectiveness. This was not observed to be the case. The LISREL model produced no statistically significant coefficient relating reciprocity to perceived effectiveness (the structural coefficient of -0.064 was not significantly different to zero ($p < 0.05$)). It should be noted that this could not be attributed to a poor specification of the indicators of reciprocity, as all indicators loaded significantly on the construct. In the exploratory analysis, the construct of reciprocity had an Alpha reliability score of 0.84, comfortably above the suggested cut-off level for exploratory research.

7.2.3 Hypothesis 3: A collaborative organisation will be considered more effective by its members where there is internal compatibility between members

Published literature had suggested that in inter- and intra-organisational exchange, compatibility between the exchange partners was important in sustaining long-term mutually beneficial relationships. No previously published research became apparent which had explored the concept of compatibility within the context of collaborative marketing associations of the type studied in this research.

The structured interviews had reinforced the suggestion that internal compatibility was an important contributor to the effectiveness of a local tourism association. Most evidence arose of what could happen where there was a lack of compatibility between members in terms of their objectives and ways of doing business. One officer complained that a large hotel member of its association was considered arrogant in its dealings with the association and had offended many members by its allegedly cavalier attitudes towards a joint promotion campaign. Another reported that a neighbouring association had lost many small business members who had considered that the association had become too dominated by the interests of the larger members. The same respondent also reported that some members of his association felt uneasy dealing with representatives of national chain hotels who belonged to their association. There was a feeling that a career manager owed too much allegiance to their chain in comparison to the more limited commitment that they showed to their area. It was also considered that many such managers would stay in their position for an insufficient length of time to develop close links with their local business community. The interviews also indicated that incompatibility between members could arise for a variety of idiosyncratic reasons, often reflecting a clash of personalities.

In the quantitative survey, compatibility was operationalised in terms of respondents' perceptions of the extent to which they shared similar objectives and ways of doing business as their fellow members. The main hypothesis was tested using predominantly attitudinal rather than behavioural dimensions of compatibility. The scale items had

proved reliable, with a Cronbach's Alpha of 0.72. This reliability was confirmed in the LISREL measurement model.

A high score for compatibility indicated a high level of perceived compatibility between members, while a low score indicated incompatibility. The coefficient relating the construct of compatibility to perceived effectiveness was -0.180, with a t-test statistic of -3.313 (significantly different to zero at $p=0.01$). This finding suggests that effectiveness is negatively related to compatibility - that is, incompatibility among members results in a more effective local association.

Although the literature on commercial buyer-seller relationships suggests that buyers are more likely to develop an ongoing relationship with a seller who they regard as compatible with themselves in terms of their attitudes and behaviour, the literature on social attraction provides a possible explanation for this apparently implausible result. In the context of social inter-personal relationships, there is a suggestion that incompatible personalities can be attracted to each other. This can be related back to resource dependency theory, in that relationships between incompatible partners may become symbiotic where one party is able to give to the other party tangible and intangible benefits, in return for which it receives benefits which it does not have a competence to produce itself. While close symbiotic inter-personal relationships may thrive on the basis of incompatibilities in such characteristics as toughness-tenderness; extroversion-introversion and passive-dominant, analogies with commercial exchange can be hypothesised. It is possible, for example, that members of a local tourism association may not personally like fellow members, but may nevertheless see benefits to their business of remaining a member of the association. In this way, small native business members of an association may not be compatible with the career managers seconded by a national chain, but may perceive benefits which the latter contributes to an association.

It is important to note that the research did not ask respondents whether they considered internal compatibility *per se* to be of benefit to their association. The scale items relating to compatibility were asked independently of those relating to perceived effectiveness. Thus a respondent could at the same time rate association members as being incompatible with themselves, while perceiving a high level of effectiveness in the association.

Hypothesis 3A: Internal compatibility between members of a collaborative marketing association is increased by a close matching of organisational backgrounds of members.

The main hypothesis relating the constructs of compatibility and effectiveness sought to measure predominantly attitudinal dimensions of compatibility in terms of respondents' perceptions of other members of their association. This secondary hypothesis sought to explore behavioural antecedents of compatibility. Two possible sources of incompatibility were identified from the literature and confirmed during the structured interviews with senior officers of associations. These were the incompatibility between members' size and between members represented by different business sectors.

In the case of organisational size, literature and interviews had suggested that a small entrepreneur may have quite different expectations of a collaborative association than a manager of a large national multi-site company. An index of size compatibility for each association was created by recording the number of staff employed by each respondent member of an association and calculating the standard error of these responses around the mean for the association. Published literature had suggested that staff size is an important indicator of many phenomenon which may be of interest in an analysis of

organisational compatibility, including organisational culture, responsiveness to change and risk aversity.

A correlation analysis indicated no statistically significant relationship between respondents' perceived level of compatibility and an objective measure of variation in their size (the Pearson correlation coefficient of 0.151 was not significant at $p = 0.621$).

A second test sought to examine whether the similarity of respondents' business sector background contributed to perceptions of compatibility. An association comprising members from just one business sector (for example, hoteliers' associations) was scored as highly compatible, while associations with members from a diversity of sectors were scored low. A correlation analysis indicated no significant effect of diversity of sector background on respondents' perceived compatibility (Pearson correlation coefficient of -0.350 with $p = 0.241$).

No correlation was found between the mean score for effectiveness and the two hypothesised indicators of compatibility between members: the standard error of their size; and the proportion of members who belonged to the most dominant industry sub-sector (Pearson correlation coefficients and two-tailed tests of significance were 0.341 ($p=0.253$) for the former and -0.385 ($p=0.194$) for the latter).

It must be remembered that all tests of secondary effects were carried out with the tourism association as the unit of analysis, rather than the individual respondent member. The sample size and the degree to which statistical inferences could be made were therefore reduced.

It is difficult to draw definite conclusions about the relative merits of single-sector and multiple-sector associations in contributing directly to perceptions of compatibility and indirectly to members' perceptions of effectiveness. Interviews with officers gave no clear suggestions as to which type of association was most likely to be effective. While one officer of a hoteliers' association spoke positively of its association's strong membership focus, an officer of another general membership group spoke of the great opportunities that the association gave for its members to discuss common business interests with individuals who are not competitors, but complimentary producers. In the latter case, a programme of meetings was held at different members' establishments, thereby allowing them to experience the benefits on offer. It was felt that this had been used successfully by a number of tourist attraction operators who had attracted guest house proprietors to see their facilities. Subsequently, through word of mouth recommendation of the guest house proprietor, the tourist attraction operator benefited from increased business.

7.2.4 Hypothesis 4: A high level of antecedent commitment by members of a collaborative association is positively associated with its effectiveness

Despite the marginal reliability of the commitment scale at the exploratory stage, the measurement model of LISREL justified the use of the chosen scale items as reliable indicators of the underlying construct of commitment. Furthermore, the structural model indicated that the second most influential effect on effectiveness was derived from the construct of commitment, for which a standardised coefficient of 0.427 was obtained (this was significantly different to zero at $p=0.001$). High levels of commitment by respondents were clearly associated with high levels of perceptions of their association's effectiveness.

Interviews with officers had suggested that commitment had a two way relationship with perceived effectiveness of an association, in line with suggestions from the published literature. A high level of commitment by members to their association may be a pre-requisite of an effective association, which largely survives on the basis of the efforts of volunteers. One officer reported that a neighbouring association had seen attendances at its meetings decline. This was seen as a sign of low levels of commitment and was identified as a contributor to the low level of effectiveness of that association. Another respondent commented that the success of an association was dependent upon a dedicated group of individuals who showed a high level of commitment to the association.

The view that effectiveness could encourage greater behavioural and affective commitment from members was mentioned by two officers. There was a feeling that once an association was seen as being ineffective by members, their commitment would fall, as evidenced by their attendance at meetings and willingness to stand for official positions within the association. The final indication of a lack of commitment was considered to be a failure by members to renew their annual subscription. In one case, a respondent reported that members of a regional association had transferred their allegiance to a more local association which was perceived as being more effective in promoting members' business interests.

It became clear from interviews with officers that commitment and effectiveness could become locked together in either a virtuous circle of rising commitment leading to rising effectiveness, in turn leading to rising levels of commitment, or a vicious circle in which lower commitment led to lower levels of effectiveness, which in turn led to lower levels of commitment. The idea of a recursive relationship was explored within the quantitative survey by exploring the modification indices associated with the LISREL programme. It will be recalled that a link from the constructs of effectiveness

to commitment was initially defined as fixed, i.e. there was assumed to be no effect. The modification indices indicated the overall increase in goodness of fit of the LISREL model which would result from freeing up this coefficient, i.e. assuming that effectiveness did have an influence on commitment. The modification index of 2.862 was low in comparison to other opportunities for improving the model, suggesting little support for a model which includes a recursive link from effectiveness to commitment.

Hypothesis 4A: Commitment to a collaborative tourism marketing association is positively related to the level of reciprocity between members

Published literature had suggested that commitment of one party to a relationship is facilitated by reciprocity between the parties. Asymmetric commitment may be sustainable where one party is dependent upon the other for strategic resources, but the nature of the commitment will be different compared to a situation where each party is mutually dependent on each other. In the former case, commitment can take the form of a hostage to fortune, whereas in the latter it can be based on an affective level of commitment.

Interviews with association officers had indicated that members were less likely to show commitment to their association where they saw little benefit in return for their inputs of money and time. One association officer attributed a recent decline in its membership level, an indicator of a lack of commitment, to a feeling by members that their annual subscription produced poor returns for their business. It also became clear that the link between reciprocity and commitment was complex, with evaluations of reciprocity being based on a wide range of exchange components, and not just the financial costs and benefits to a member's business. It was suggested by one interviewee that payment of an annual subscription was more than justified by the

intangible benefits of networking with fellow members which membership of an association made possible.

Possibly because of the diffuse effects of reciprocity on commitment, the coefficient relating the two constructs was not statistically significant ($p=0.511$).

7.3 VALIDITY OF STUDY

This study sought to extend frameworks for the study of inter-organisational exchange by gaining a better understanding of the nature of relationships between collaborating firms where the product offer is difficult to define and high levels of externalities exist. It was noted in the introduction that a combination of positivist and post-positivist approaches is called for in tackling issues relating to inter-personal and inter-organisational relationships. This research has used previously published literature on the subject of relational exchange as a basis for a combination of an essentially qualitative post-positive approach and an ostensibly more objective positivist approach.

The qualitative research was used to help define the parameters of the quantitative research. In this sense it could be argued that the model developed to analyse the quantitative data is also subjective in terms of its specification of input and output variables. While four antecedent constructs were used to define the antecedents of successful collaborative marketing and one was used to define the outcome, it is possible that a model could have been developed with competing constructs. In particular, trust is not explicitly included in the model as an antecedent construct, despite its use in many other models of inter-personal relationships. It was argued in the methodology chapter that trust is implicitly incorporated into the constructs of compatibility, governance, commitment and reciprocity. Thus the absence of trust in an

inter-organisational relationship may be indicative of an incompatibility between parties which may be the result of them having a different view of the world. A loosely governed association may be indicative of a high level of mutual trust between members and affective commitment may be a result of the development of trust.

It was noted in the methodology chapter that the scales used to measure antecedent and outcome constructs were adapted from previous studies. Although their use had been validated in previous studies, the context of such studies differed from that of the current research. The scales had generally been used in commercial buyer-seller relationships within the context of an American business culture. No scales became apparent which had been previously validated within the context of collaborative marketing organisations where considerable externalities were present. For this reason, the use of the scales in this research should be regarded as exploratory in nature, and requiring subsequent validation. Resources were not available within the financial and time constraints of this study to validate the use of the scales on with independent sample.

For the quantitative study, the tests for goodness of fit gave some qualified support to suggest that the hypothesised model fitted the data well. While the chi-square statistic indicated no difference between actual observations and model predictions (i.e. a good fit), the goodness of fit index criteria were less rigorously fulfilled. It must however be remembered that suggested cut-offs for goodness of fit are somewhat arbitrary.

The measurement model of LISREL suggested that the indicators of the underlying antecedent and outcome constructs had high levels of reliability. At the exploratory stage, all except one construct exceeded widely used cut-offs for Cronbach's Alpha. In the LISREL model, the reliability of all indicators was confirmed at the $p=0.01$ level (that is, the loadings of all indicators on their respective constructs were significantly

different to zero). It was argued that the indicators were also valid indicators of their constructs in that their association with a construct was based on theoretical expectations. Nevertheless, indicators of constructs can always be challenged for validity and a number of reservations have been noted in the methodology chapter. A philosophical caution was noted in the case of the indicators of the outcome construct of effectiveness. There was a concern that answers to questions relating to effectiveness may have been influenced by respondents' expectations and that these expectations may have been influenced by the history of previous dealings with their association. Thus a respondent belonging to a well run association for a number of years may perceive only middling levels of effectiveness whereas a similar level of objective performance may have been perceived as highly effective by members of an association who had become accustomed to expect lower standards. It must be emphasised that effectiveness in this study was defined in terms of individual members' perceptions of an association's effectiveness in contributing to their goals. Alternative approaches to measuring outcomes in terms of more objective measures of performance were considered, but it was argued that it would be difficult to operationalise such variables. Difficulties in operationalisation could have rendered the resulting objective indicators of outcomes highly subjective.

The structural model of LISREL produced five estimates of coefficients of hypothesised relationships between antecedent and outcome constructs and between antecedent constructs. Three out of five of these coefficients achieved a high level of significance, while the other two were not statistically significant.

Issues relating to the validity of the sample were discussed in Chapter 5. The sample size of 172 for the quantitative study proved adequate to produce statistically significant results, and fell within the range recommended for LISREL analysis. While larger sample sizes would normally be expected to increase the reliability of statistical

inference, the chosen method of quantitative analysis becomes less reliable with sample sizes in excess of 200. A greater limitation was provided by the relatively small number of associations represented by respondents. The 172 respondents belonged to 13 associations, and in order to test some of the secondary hypotheses, it was necessary to undertake comparisons in which the unit of analysis was the association rather than the individual respondent. The small sample sizes present in such comparisons may have contributed to the generally insignificant relationships observed between variables measured at the local tourism association level.

It was argued in Chapter 5 that it was difficult to validate the sample as a true representation of the population being studied. Sample validation was necessary in order to ensure a fair representation of associations and of individual members within those associations. The principal problem arose from difficulties in defining the population and in measuring its characteristics. Problems of defining the population arose from difficulty in identifying local tourism associations. There is no central register of associations and many associations exist at a very informal level. Because of difficulty in identifying the latter, the sample may have been biased in favour of larger and more formally constituted associations. There are also difficulties in deciding whether an association which has tourism marketing as just one of its functions should be included in the sample (as happens with a number of Chambers of Commerce). It was decided to exclude such associations from the population, even though they may have been important networks for tourism related businesses.

The lack of generally published membership lists inhibited the task of identifying the population membership from which the sample of individual respondents could be drawn. A concern was expressed in Chapter 5 that the sample of respondents may have over-represented officers of associations. By the very nature of committing time and effort to be an officer of an association, an individual is probably more likely to

perceive their association as being effective than one who merely pays their annual membership fee in return for benefits received. Tests were carried out to check for non-response bias, and although no significant differences were found between first time responders and initial non-responders, it should be remembered that tests of non-response bias are always problematical. Some non-responders may never respond. As long as such individuals have attitudes and behavioural characteristics which do not differ from the achieved sample, the sample remains an unbiased representation of the population. However, it is possible that non-response could be indicative of a low level of commitment to, or satisfaction with the respondent's association. It could also be argued that confining the sample to *current* members of an association biases the sample in favour of those who perceive the association to be highly effective. Including *lapsed* members may have introduced respondents to the sample frame who left their association because they perceived it as being ineffective. While the sample of respondents was almost certainly biased in favour of individuals who had a favourable disposition to their association, this need not invalidate the sample, as it was suggested in Chapter 5 that this bias was reasonably uniform across all tourism associations studied.

7.4 CONTRIBUTION TO THEORY BASE

The principal contribution of this study has been to extend understanding of the components of relational marketing exchange to situations where a poorly defined product is collaboratively marketed in an environment where collaborators may incur external costs and benefits. In Chapter 5, a model proposed by Morgan and Hunt suggested that ten categories of relational marketing exchange can be identified. This study has argued that a further category can be added to this list, in the form of collaborative marketing which occurs where the focal product is poorly defined and there are significant levels of externalities.

This research has achieved statistically significant results in respect of collaborative marketing associations operating in the circumstances described. The most significant finding is the importance attached to governance style for the successful management and sustenance of relational exchange. Previous studies have tended to overlook the role of governance style in favour of more traditional constructs borrowed from studies of inter-personal exchange, most notably trust and commitment. Governance style has been alluded to in studies which incorporate frameworks of transaction cost analysis and resource dependence theory. It has been widely discussed in the context of intra-organisational exchange, but less so where it is relationships between an organisation and its horizontal collaborative partners that are the focus of attention. This research has suggested that a loose-tight continuum, which is widely recognised in internal relationships, can be applied to external relationships. The construct of governance style was shown in the quantitative study to be the most significant antecedent of perceived effectiveness, with a tight governance style being associated with a high level of effectiveness.

The construct of compatibility has been frequently used in studies of close inter-personal exchange, but less so in the context of inter-organisational exchange. Chapters 2 and 3 developed theoretical arguments for and against high levels of compatibility between collaborators resulting in high levels of perceived effectiveness. Sociological frameworks see social exchange as an important component of commercial exchange, and therefore incompatibility at the inter-personal level could be expected to impede the development of ongoing commercial relationships. On the other hand, resource dependency theory would suggest that incompatibility between partners may lead to mutually beneficial relationships between exchange partners. It was argued that incompatibilities in the operations and management styles of local tourism association members could allow for mutually beneficial trading between

members which reflect their comparative advantages in information, access to customers and organisational skills. This research has suggested that the construct of compatibility is a statistically significant antecedent of effectiveness and that high levels of incompatibility were associated with high levels of effectiveness. The resource dependency-based approaches were seen to provide a more appropriate basis for studying intra-organisational compatibility than those based in sociological theory.

Chapters 2 and 3 drew attention to recent debate about the role of reciprocity in ongoing commercial relationships. Despite published evidence that reciprocation of benefits is crucial to the sustenance of social and commercial relationships, this was not confirmed in this study. The construct labelled reciprocity achieved high levels of reliability, but failed to show a statistically significant effect on perceived effectiveness. Further research is needed to conceptualise reciprocity and to refine the validity of the constructs.

This research has produced results which in the first instance are applicable to collaborative marketing associations where the product offer is poorly defined and externalities are high. Many of the findings described above may apply more generally to collaborative marketing where the collaborators are able to internalise benefits from a more tangible product. However, reservations must be made about the extent to which generalisations can be made. In the case of the construct of compatibility, it has been argued on the basis of literature and the qualitative research that tourism associations often have a social role, and many were formed as reactive pressure groups rather than proactive marketing associations. While small guest house owners may rate the social aspects of compatibility highly, a more instrumental approach to compatibility based on considerations of resource dependency may be more useful in understanding collaboratives made up of large corporate bodies. In the case of reciprocity, the lack of clear results may be a reflection of the complex tangible and

intangible components of exchange which are present in tourism destination marketing. Where collaboration is focused on a more tangible product and collaborators are more readily able to internalise their benefits, the construct of reciprocity may be easier to operationalise.

A further contribution to knowledge arising out of this study is further vindication of the use of structural equations modelling in general, and LISREL in particular, for the study of multi-variate relationships. The LISREL solution produced a better fit to the data compared to the exploratory principal components analysis and the stepwise regression analysis. It was argued in Chapter 6 that LISREL has become increasingly popular in studies of marketing relationships and this research has helped to confirm the reasons for its increasing popularity.

7.5 CONTRIBUTION TO BUSINESS PRACTICE

The most immediate practical benefit of this research is to guide the development of new local collaborative tourism marketing associations. Tourism is becoming an increasingly important element of local economies and local authorities frequently seek to develop local collaborative associations which are considered capable of developing tourism more cost-effectively than direct intervention by the authority. At other times, the initiative for a new association can come from local tourism businesses themselves, although rivalry between organisations in the same sector can impede their development. It must also be noted that operators of national chains of tourism related facilities may have little interest in promoting a destination, as one effect may be to merely shift demand from their other locations.

The importance of achieving a tight governance style is the most important recommendation to guide the formation of a new local tourism association. This was the most statistically significant outcome of the quantitative study, while the qualitative

study gave some suggestions about what this meant in practice. To be perceived as effective by its members, an association needed a champion backed up by appropriate secretarial support which can see policies implemented. A loose governance style without administrative support facilities may allow an association to function as an informal social entity, but the evidence suggests that they will be less likely to be effective as marketing associations.

Incompatibility between members appeared to increase members' perceptions of effectiveness. It is possible that such incompatibility could become destructive unless it was used to good effect. In this respect, strong leadership may be able to overcome problems of incompatibility, seeking to alleviate fears arising from differences in goals and outlooks, and making the most of opportunities for networking and the exchange of skills and resources.

It is apparent from this study that local authorities cannot encourage the development of a tourism association merely by providing funding for an association. Strong leadership appeared to be important, and local authorities may achieve greater success by identifying a champion of collaboration to advance the creation of a local association. Funding which is made available may be most effectively targeted at providing efficient and effective administrative facilities which support the leadership of an association in implementing policy.

Recommendations for reviving the fortunes of ailing local tourism associations are more difficult to make. It became clear from the structured interviews that incidents during the previous history of an association could have a long-term influence on how individual members perceive their relationship to an association and to other members. A lack of commitment by members to their association can be seen both as a cause and a consequence of the declining effectiveness of an association. It follows that the

simple prescription of tightening the governance style of an association may be difficult to achieve in the short-term where members harbour a distrust of the association. Over time, the availability of administrative resources may help some associations to overcome a feeling by members that their association is good at discussing policy but not very effective at implementing plans which yield tangible benefits to members. It must also be remembered that many members do not join local tourism associations primarily for the tangible economic benefits, but instead for the social benefits of networking with other people in their business sector. Any re-orientation of business processes may alienate members whose existing expectations are disconfirmed.

While the results of this study are of direct benefit to local tourism marketing associations, there are implications for collaborative organisations which are similar in their objectives. It was mentioned in Chapter 3 that collaborative marketing has been commonplace for many agricultural products where small groups of producers can collectively achieve more than the sum of individual farmers acting alone. It is possible that governance style will be an issue in determining the effectiveness of a co-operative, with loosely governed co-operatives lacking management determination which may be necessary to compete effectively against large corporate organisations who can single mindedly achieve and implement a coherent strategy. It is also possible that incompatibility may facilitate effective marketing, as skills and resources are shared between companies with different backgrounds. However, as with tourism associations, differences between producers in the way that they see the world may lead to irreconcilable differences which lead to the failure of a co-operative.

While there are some similarities between local tourism associations and farmers' producer co-operatives, there are also differences which limit any ability to generalise. The outcome of farm producers' collaboration is generally more tangible and results in direct and quantifiable benefits to producers. A tangible product is the focus of the co-

operation and members can assess the effectiveness of a co-operative in terms of the volume and price of the produce which they sell through it, in relation to what they could achieve themselves acting independently. Because there is a ready market providing direct feedback to members, it is relatively easy to evaluate the value added benefits of the co-operative. For this reason, farm producer co-operatives may be relatively unstable compared to tourism associations, where the outcomes of collaboration are much less easy to detect, and may only become apparent after several years.

Another possible application of the findings of this research is to trade and professional associations who collectively promote their trade or profession. These are typified by associations representing opticians and solicitors where a generic advertising campaign can increase market awareness in a way which individual members could not achieve by acting alone. There are similarities to tourism destination marketing in that external benefits are likely to be considerable. Just as an individual hotel may be able to benefit from an area promotion campaign without incurring any of the costs, so too an optician may opt out of a collective promotional campaign, yet still benefit from the awareness which it creates. Collaboration in such cases is only likely to be sustainable in sectors which are governed by a professional code of practice which has the power to limit divisive competition between members. While a professional body such as those representing solicitors or accountants may find collective action part of the ethos of being a profession, this is less likely to occur in sectors such as retailing and electronics manufacture which are characterised by intense competition and relatively few professional codes of conduct.

A final area in which it may be possible to apply the findings of this research is pressure groups. It was argued in Chapter 4 that many local tourism associations evolved out of, and continue to see themselves as essentially pressure groups which have become

increasingly marketing oriented in the manner they seek to promote a cause. Pressure groups in general share many of the characteristics of local tourism marketing associations. Their output is generally intangible and difficult to assess. It is possible that many pressure groups have failed as a result of an inappropriate governance style being applied to members who have held incompatible views about the direction which action should take.

7.6 SUGGESTIONS FOR FURTHER RESEARCH

This and previous chapters have indicated a number of weaknesses in the methodology of this study. Suggestions for further research begin by addressing issues raised by the limitations of the study. In addition, a number of suggestions are made for further research into ancillary areas which have been highlighted by the current research.

The first suggestion for further research is to undertake a further study in an attempt to replicate the findings of this study. It has been emphasised that this study has been exploratory in nature, within the time and financial constraints available. A follow up study should seek to validate the measurement scales and to replicate the results of the model, using an independent data set. In view of the adaptation made to previously used scales and the different contexts in they were used here, it is important that the scales are independently validated. Initial replication should be applied to a sample which falls within the same population as that sampled in this study - i.e. local tourism marketing associations within the United Kingdom. Further studies would seek more generalised replication, for example by applying the model to local tourism associations outside of the United Kingdom, or by application to farmers' producer co-operatives.

A philosophical objection to the current study which has been raised on a number of occasions is that the sample shows signs of being biased towards those members who show a high level of commitment to their association. While it was argued that this bias was reasonably consistent between associations and did not invalidate the results of this study, a further study would be useful which incorporated the views of lapsed members of associations and of those who choose not to belong to an association. It is possible that the relative importance of the four constructs in contributing to perceived effectiveness (or lack of effectiveness) will change when the views of non-members or lapsed members are analysed.

Further studies would benefit from access to larger data sets. The sample size used in this study for the main survey of individual members was sufficient to give statistically significant results. However, the number of individual local associations represented by the sample was too small to give statistically significant results for many of the secondary hypotheses identified.

The main suggestions for model development focus on the validity of the constructs used in the model. The construct of reciprocity achieved an acceptable level of reliability, but failed to show any statistically significant effect on perceived effectiveness. It was argued above that reciprocity in the context of collaborative tourism marketing may be a very complex concept which is not adequately addressed by a single construct. While the construct adopted had statistical reliability, it may not have been a valid indicator of the reciprocity which it purported to represent.

The second suggestion for model development involves refining outcome measures. The model used respondents' perceptions of the effectiveness of their association, but it was argued that these may have been influenced by respondents' expectations, which in turn may have been the result of historical factors that were unique to an association.

While the construct of effectiveness achieved a high level of reliability, further work using more objective measures of effectiveness which are consistent between associations would be useful. It was noted, however, that the nature of outcomes for collaborative tourism marketing associations, and the need to make decisions about what factors to include and exclude, may render such measures highly subjective.

A third suggestion for model development is to investigate more closely the recursive nature of the relationship between perceived effectiveness and commitment of members to an association. The model hypothesised that commitment was an antecedent of effectiveness, although literature had suggested that it could also be a consequence. The modification indices of the LISREL model had indicated that the performance of the model would be improved only marginally by including a recursive relationship. Nevertheless, it would be useful to replicate the study using indicators of the construct of commitment which are appropriate to both prior commitment and outcome commitment.

A final comment relates to the method by which data has been collected for this study. This research has sought to combine positivist quantitative approaches with post-positivist qualitative approaches. The latter has tended to play a relatively minor role, having been used to help define the quantitative research and to interpret the output of the latter. The sample of officers interviewed for the qualitative research was necessarily small, but did reveal a number of insights into how local tourism marketing associations worked, which was not possible with more structured quantitative approaches. Further research should extend the qualitative approach by developing a framework within which large numbers of individuals can be surveyed and their responses analysed using qualitative techniques.

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APPENDICES

APPENDIX 1

PARTICIPANTS IN STRUCTURED INTERVIEWS

Mr S P Coombe
Chairman
Bath Hotels and Restaurants Association

Mr A Hodges
Secretary
Coventry Association of Visitor and Convention Attractions

Ms N O'Flaherty
Vice-Chairman
Bath Independent Guest Houses Association

Mrs Peters
Secretary
White Cliffs Dover Hotel and Guest House Group

Mrs Rowe
Acting Chair
Wansdyke Tourism Association

Mr L Spray
Chairman
Greater York Association of Hotels and Guest Houses

APPENDIX 2

CHECKLIST OF INFORMATION TO BE ELICITED DURING STRUCTURED INTERVIEWS

1. BASIC INFORMATION

- Size of association's membership?
- Fees charged for membership? (graduated fees?)
- Number of elected officers of the association?
- Does the association have a full time secretariat?
- Does the association receive a grant from a local authority?

2. OBJECTIVES OF THE ASSOCIATION

- How and why was the association formed?
- How long has it been in existence?
- How important are the marketing objectives of the association relative to its social and political objectives?

3. INTERACTION BETWEEN MEMBERS

- How often are meetings of association members held?
- To what extent do meetings have a social as distinct from a business function?
- What are the main activities of the association?
- To what extent do members have alternative fora for discussing shared interests?
- What is the typical annual turnover of new members joining and existing members leaving the association?
- How does the association go about attracting new members?
- What are typical reasons for new members joining?
- Why do existing members leave the association?

4. KEY STRENGTHS AND WEAKNESSES OF THE ASSOCIATION

- How would you describe the vitality of the association?
- What have been the most significant achievements of the association for its members?

What have been the most significant achievements of the association for the local tourism industry and economy at large?

Has the association failed to live up to its members' or officers' expectations in any respect?

5. KEY ISSUES AFFECTING MEMBERS OF THE ASSOCIATION

Are there currently any major issues which are causing debate among members of the association?

APPENDIX 3

QUESTIONNAIRE USED FOR MAIN QUANTITATIVE SURVEY



DE MONTFORT
UNIVERSITY

LEICESTER BUSINESS SCHOOL

SURVEY OF BUSINESS ASSOCIATIONS CATERING FOR VISITORS

Does your business involve selling goods or services to people visiting your area? They may be here on business, on holiday, or visiting friends and relations. Many businesses which don't at first sight appear to be "tourism" businesses may in fact benefit from additional spending by visitors.

This survey is part of a research project by De Montfort University into ways of improving the attractiveness of a local area to visitors. The research is particularly focusing on the role played by local associations of businesses which cater for visitors. Do such associations help in drawing more visitors to the area? Do they help in cross-selling members' services? Are they good value for money to members?

By conducting research among members of a number of associations throughout the country, this study is hoping to find out the factors that make for a truly effective association. Is it related to the size of membership? Is a grant from a local authority important in holding the association together?

We are asking a small sample of businesses for their opinions and would greatly appreciate your assistance. You can help our research by spending no more than five minutes completing the attached questionnaire. Most of the questions simply involve ticking a box. When you have completed the questionnaire, please fold it as indicated and drop it in the post - we pay the postage.

Please answer as many questions as possible. Inevitably, you may feel that some questions are not appropriate, so please leave these blank. If you would not like to disclose the name of your business, this is fine. If you do disclose it, your identity will not be passed on to anyone outside of De Montfort University.

However, you will need to give us your name and address if you wish to be entered for a prize draw. As a way of saying thank you to you for your help, a prize of a weekend break for two in Leicester during the city's 1995 Civil War celebrations, is offered for the person submitting the first completed questionnaire picked out at random on 15 December 1994. This prize is offered by Leicester Promotions Ltd, subject to their terms and conditions. The prize winner will be selected by De Montfort University, from whom details of the winning name can be obtained.

Finally, if you do not belong to any members of local associations of businesses, please accept our apologies for troubling you with this survey. It would be very much appreciated if you could pass the questionnaire on to somebody who is a member.

Please tell us about the local business association which you belong to which you consider to be the most important for your business (eg Hoteliers' Association, Tourism Association etc):

Name of the association:		<input type="checkbox"/> 1
1.	How often do you attend meetings organised by the association? Please tick box NEVER <input type="checkbox"/> ABOUT ONCE A YEAR <input type="checkbox"/> ABOUT ONCE A QUARTER <input type="checkbox"/> ABOUT ONCE A MONTH <input type="checkbox"/> MORE THAN ONCE A MONTH <input type="checkbox"/>	<input type="checkbox"/> 2
2.	What subscription fee, in total, do you pay to the association, during the current year? £	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 3-5
3.	For how many years have you been a member of the association? years	<input type="checkbox"/> <input type="checkbox"/> 6-7
4.	Do you have an official position within the association? YES Please tick NO If yes, please state your position.	<input type="checkbox"/> 8 <input type="checkbox"/> 9
5.	Does the association have an official, paid secretariat? (please tick) Yes No	<input type="checkbox"/> 10
6.	Does the association receive a grant from a local authority? (please tick) Yes No	<input type="checkbox"/> 11
7.	What were your main reasons for joining the association? (please tick) Promotional advantages for our business Networking with other businesses Interest in a specific campaign To have a say in tourism marketing for the area Other (please specify)	<input type="checkbox"/> 12

Now, please tell us your views about the association by rating each of the following statements on a scale from 1 "I strongly disagree with this statement", to 5 "I strongly agree with this statement". Please circle the appropriate number.

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Question not applicable	
3.	The relationship between our business and the association has been productive	1	2	3	4	5	N/A	<input type="checkbox"/> 13
9.	The association has carried out its responsibilities and commitments in accordance with my expectations	1	2	3	4	5	N/A	<input type="checkbox"/> 14
10.	We have carried out our responsibilities and commitments in accordance with the expectations of the association	1	2	3	4	5	N/A	<input type="checkbox"/> 15
11.	The time and effort spent in developing and maintaining the relationship between our organisation and the association has been worthwhile	1	2	3	4	5	N/A	<input type="checkbox"/> 16
12.	The relationship between our business and the association has been satisfactory	1	2	3	4	5	N/A	<input type="checkbox"/> 17
13.	The association has enhanced the value of our output to end-users	1	2	3	4	5	N/A	<input type="checkbox"/> 18
14.	The association has given us access to important new markets	1	2	3	4	5	N/A	<input type="checkbox"/> 19
15.	Membership of the association has enhanced our credibility in the marketplace	1	2	3	4	5	N/A	<input type="checkbox"/> 20
16.	Our business has influenced the association's policy with respect to:							<input type="checkbox"/> 21
	a) Collective promotion	1	2	3	4	5	N/A	<input type="checkbox"/> 22
	b) pricing policies adopted by association members	1	2	3	4	5	N/A	<input type="checkbox"/> 23
	c) commissioning of marketing research	1	2	3	4	5	N/A	<input type="checkbox"/> 24
	d) development of new collective facilities (eg improved local transport facilities)	1	2	3	4	5	N/A	<input type="checkbox"/> 25

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Question not applicable	
7.	The association has influenced the policies of this business with respect to:							<input type="checkbox"/> 25
	a) the way we promote our business	1	2	3	4	5	N/A	<input type="checkbox"/> 26
	b) pricing policies adopted by us	1	2	3	4	5	N/A	<input type="checkbox"/> 27
	c) marketing research commissioned by us	1	2	3	4	5	N/A	<input type="checkbox"/> 28
	d) development of new facilities by us	1	2	3	4	5	N/A	
8.	I consider the association to be based on a shared informal understanding rather than written terms and conditions	1	3	4	4	5	N/A	<input type="checkbox"/> 29
9.	Standard operating procedures are required which must be adopted by all members of the association	1	2	3	4	5	N/A	<input type="checkbox"/> 30
10.	The association has an efficient and effective secretariat	1	2	3	4	5	N/A	<input type="checkbox"/> 31
11.	The goals of our organisation are consistent with those of other members of the association	1	2	3	4	5	N/A	<input type="checkbox"/> 32
12.	The chief executives of other association members share a similar operating philosophy as ours	1	2	3	4	5	N/A	<input type="checkbox"/> 33
13.	We have a management style different from that of other association members	1	2	3	4	5	N/A	<input type="checkbox"/> 34
14.	Responsibility for the day-to-day operation of the alliance is at the proper level of the management hierarchy within member firms	1	2	3	4	5	N/A	<input type="checkbox"/> 35
15.	Our sales have stimulated the sales of other association members	1	2	3	4	5	N/A	<input type="checkbox"/> 36
16.	Prior to joining the association, we had business relationships with many association members	1	2	3	4	5	N/A	<input type="checkbox"/> 37
17.	The history of relations between our firm and association members can be characterised as stable and enduring	1	2	3	4	5	N/A	<input type="checkbox"/> 38

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Question not applicable	
28.	During the past year, there have been significant disagreements or disputes between ourselves and the association	1	2	3	4	5	N/A	<input type="checkbox"/> 39
29.	We are able to openly discuss with other members of the association on the way we should go about collaboration	1	2	3	4	5	N/A	<input type="checkbox"/> 40
30.	We have made significant investments (eg in promotional-media) that are specific to the needs of the association	1	2	3	4	5	N/A	<input type="checkbox"/> 41
31.	We can terminate our involvement in the activities of the association without penalty	1	2	3	4	5	N/A	<input type="checkbox"/> 42
32.	No exclusivity clauses restrict us from joining other associations	1	2	3	4	5	N/A	<input type="checkbox"/> 43

Finally, please tell us something about your business

3.	What is the size of your business in terms of the number of full-time equivalent people employed?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 44-46
4.	How long have you been in business in this area? years	<input type="checkbox"/> <input type="checkbox"/> 47-48
5.	Which of the following best describes your business sector? (please tick) Hotel/guest house Visitor attraction Restaurant/catering Transport Retailing Other Leisure centre	<input type="checkbox"/> 49
6.	Name and position of the person completing this questionnaire: Name Position Company/Address <i>this information is not essential</i>	

Thank you for your help! If you have any questions about the survey, please contact Adrian Palmer at De Montfort University, Leicester Business School, The Gateway, Leicester, LE1 9BH, telephone (0116) 257 7246. Copies of the final research report will be available to local business associations on request.

Now please fold the completed questionnaire and tuck in where indicated so that the return address is showing. Then please post it off to us as soon as possible - there is no need to put a stamp on the completed questionnaire.

Fold here

BUSINESS REPLY SERVICE
License No LE395

2

For the attention of A. Palmer
Leicester Business School
De Montfort University
The Gateway
LEICESTER
LE2 7ZY

Second fold here, then tuck in

APPENDIX 4

PROGRAMME INSTRUCTIONS FOR FINAL LISREL MODEL

THE FOLLOWING LISREL CONTROL LINES HAVE BEEN READ :

```
DA NI=21 NO=172 MA=PM XM=-0.9898982-09
KM FI=1:\temp\spssb9.comp FO
(SEE14.6)
LI
  Q01      Q04A      Q31      Q32      Q8      Q11      Q12      Q13
  Q14      Q15      Q18      Q20      Q25      Q16A      Q16B      Q16C
  Q16D      Q21      Q22      Q23      Q24
MO NY=10 NX=11 NE=2 NK=3 BE=FU GA=FU
LE
COMMIT EFFECTIV
PA LY
0 0
1 0
1 0
1 0
0 0
0 1
0 1
0 1
0 1
0 1
0 1
LK
GOVERN RECIPRO COMPAT-
PA LX
0 0 0
1 0 0
1 0 0
0 0 0
0 1 0
0 1 0
0 1 0
0 0 0
0 0 1
0 0 1
0 0 1
PA BE
0 1
0 0
PA GA
0 1 0
1 1 1
PA TD
1 1 1 1 1 1 1 1 1
PA TE
1 1 1 1 1 1 1 1
PA PHI
1
0 1
0 0 1
PA PSI
1
0 1
VA 1.0 LY(1,1) LY(5,2) LX(1,1) LX(4,2) LX(8,3)
OU SE TV PC RS EF SS SC MI AD=OF
```


APPENDIX 5

CORRELATION MATRIX USED AS INPUT TO LISREL MODEL

CORRELATION MATRIX TO BE ANALYZED						
	Q01	Q04A	Q01	Q02	Q08	Q11
Q01	1.000					
Q04A	-.261	1.000				
Q01	.356	-.309	1.000			
Q02	.405	-.321	.933	1.000		
Q08	.000	.024	.359	.309	1.000	
Q11	-.021	-.145	.344	.292	.698	1.000
Q12	.038	-.123	.493	.394	.618	.851
Q13	.048	-.082	.346	.291	.600	.777
Q14	.007	.018	.261	.253	.563	.617
Q15	.079	-.166	.405	.350	.417	.515
Q18	.043	-.238	.469	.489	.544	.650
Q20	-.016	-.106	.347	.268	.478	.594
Q29	-.005	-.069	.142	.135	.533	.690
Q16A	.012	.042	.128	.078	.379	.250
Q16B	.128	.020	.061	.018	.170	-.039
Q16C	.132	-.088	.084	.110	.203	.165
Q16D	.087	-.147	-.047	.023	-.015	-.090
Q21	-.101	.065	.185	.117	.431	.064
Q22	-.191	.120	-.170	-.189	.046	-.263
Q23	-.192	-.004	-.003	-.079	.006	-.137
Q24	-.181	.093	-.021	-.031	.268	.091

CORRELATION MATRIX TO BE ANALYZED						
	Q12	Q13	Q14	Q15	Q18	Q20
Q12	1.000					
Q13	.758	1.000				
Q14	.506	.698	1.000			
Q15	.648	.617	.498	1.000		
Q18	.639	.497	.450	.390	1.000	
Q20	.615	.527	.576	.496	.566	1.000
Q29	.554	.477	.346	.241	.426	.451
Q16A	.286	.301	.284	.249	.378	.371
Q16B	-.041	.032	.088	-.118	.190	.080
Q16C	.101	.118	.217	.070	.222	.116
Q16D	-.111	-.123	-.003	-.037	.059	-.018
Q21	.081	.174	.052	.138	.112	.120
Q22	-.317	-.313	-.257	-.054	-.209	-.059
Q23	-.088	-.004	-.029	.099	-.024	.115
Q24	.113	.001	-.051	.070	.099	.073

CORRELATION MATRIX TO BE ANALYZED						
	Q29	Q16A	Q16B	Q16C	Q16D	Q21
Q29	1.000					
Q16A	.199	1.000				

Q21	.037	.655	1.000			
Q22	.132	.627	.630	1.000		
Q23	-.046	.364	.562	.685	1.000	
Q24	.097	.123	.120	.081	-.023	1.000
Q25	-.082	-.055	-.037	-.088	.093	.447
Q26	-.023	.029	-.107	-.199	-.068	.117
Q27	.118	.051	-.070	-.066	-.063	.229

CORRELATION MATRIX TO BE ANALYZED

	Q22	Q23	Q24
Q22	1.000		
Q23	.359	1.000	
Q24	.302	.093	1.000

APPENDIX 6

TESTS OF KURTOSIS AND SKEWNESS OF VARIABLES USED
IN LISREL MODEL

DISTRIBUTION OF MISSING VALUES

TOTAL SAMPLE SIZE = 171

NUMBER OF MISSING VALUES	0	1	2	3	4	5	6	7	8	9
NUMBER OF CASES	171	0	0	0	0	0	0	0	0	1

LISTWISE DELETION

TOTAL EFFECTIVE SAMPLE SIZE = 171

UNIVARIATE SUMMARY STATISTICS FOR CONTINUOUS VARIABLES

VARIABLE	MEAN	ST. DEV.	SKEWNESS	KURTOSIS	MINIMUM	FREQ.	MAXIMUM	FREQ.
Q01	2.737	1.166	.258	-.738	1.000	26	5.000	14
Q04A	1.649	.479	-.630	-1.593	1.000	60	2.000	111
Q31	1.912	.766	1.264	3.023	1.000	46	5.000	2
Q32	1.918	.800	1.264	2.217	1.000	47	5.000	1
Q8	2.111	.871	.539	-.262	1.000	42	4.000	14
Q11	2.058	.802	.516	-.033	1.000	41	4.000	9
Q12	2.035	.867	.809	.249	1.000	45	4.000	16
Q13	2.456	.995	.213	-.548	1.000	32	5.000	3
Q14	2.544	1.123	.368	-.505	.000	1	5.000	9
Q15	2.316	1.037	.487	-.531	1.000	40	5.000	3
Q18	2.234	.877	.425	-.409	1.000	33	4.000	17
Q20	1.936	.908	.604	-.142	.000	2	4.000	12
Q29	2.094	.777	1.133	2.225	1.000	29	5.000	2
Q16A	2.082	1.150	-.044	-.232	.000	19	5.000	3
Q16B	2.520	1.352	-.637	-.495	.000	26	5.000	3
Q16C	2.655	1.352	-.420	-.228	.000	20	5.000	13
Q16D	2.708	1.548	-.501	-.633	.000	30	5.000	19
Q21	2.228	.888	1.115	1.782	.000	1	5.000	5
Q22	2.544	.989	.356	.727	.000	3	5.000	9
Q23	3.111	.973	-.187	.261	.000	1	5.000	13
Q24	2.614	1.042	-.182	.476	.000	7	5.000	6

APPENDIX 7

ERROR VARIANCES OF INDICATORS USED IN LISREL
MODEL

THETA EPS

Q01	Q04A	Q31	Q32	Q8	Q11
<u>.830</u>	<u>.877</u>	<u>.159</u>	<u>.174</u>	<u>.481</u>	<u>.135</u>

THETA EPS

Q12	Q13	Q14	Q15
<u>.176</u>	<u>.293</u>	<u>.545</u>	<u>.599</u>

THETA DELTA

Q18	Q20	Q29	Q16A	Q16B	Q16C
<u>.494</u>	<u>.489</u>	<u>.560</u>	<u>.491</u>	<u>.381</u>	<u>.259</u>

THETA DELTA

Q16D	Q21	Q22	Q23	Q24
<u>.482</u>	<u>.804</u>	<u>-.019</u>	<u>.875</u>	<u>.911</u>

APPENDIX 8

GOODNESS OF FIT MEASURES FOR LISREL MODEL

SQUARED MULTIPLE CORRELATIONS FOR Y - VARIABLES

Q01	Q04A	Q31	Q32	Q8	Q11
.168	.122	.840	.825	.513	.862

SQUARED MULTIPLE CORRELATIONS FOR Y - VARIABLES

Q12	Q13	Q14	Q15
.820	.702	.449	.395

TOTAL COEFFICIENT OF DETERMINATION FOR Y - VARIABLES IS .994

SQUARED MULTIPLE CORRELATIONS FOR X - VARIABLES

Q18	Q20	Q29	Q16A	Q16B	Q16C
.506	.511	.440	.509	.619	.741

SQUARED MULTIPLE CORRELATIONS FOR X - VARIABLES

Q16D	Q21	Q22	Q23	Q24
.518	.196	1.019	.125	.089

SQUARED MULTIPLE CORRELATIONS FOR STRUCTURAL EQUATIONS

COMMIT	EFFECTIV
.198	.942

TOTAL COEFFICIENT OF DETERMINATION FOR STRUCTURAL EQUATIONS IS .942

CHI-SQUARE WITH 184 DEGREES OF FREEDOM = 710.67 (P = .000)

GOODNESS OF FIT INDEX = .730
ADJUSTED GOODNESS OF FIT INDEX = .661
ROOT MEAN SQUARE RESIDUAL = .121

APPENDIX 9

MODIFICATION INDICES FOR LISREL MODEL

MODIFICATION INDICES FOR LAMBDA Y

	COMMIT	EFFECTIV
Q01	.000	6.981
Q04A	.000	.006
Q31	.000	5.662
Q32	.000	2.046
Q8	.347	.000
Q11	13.780	.000
Q12	6.258	.000
Q13	1.004	.000
Q14	.400	.000
Q15	5.254	.000

ESTIMATED CHANGE FOR LAMBDA Y

	COMMIT	EFFECTIV
Q01	.000	-.305
Q04A	.000	.009
Q31	.000	.215
Q32	.000	-.128
Q8	.093	.000
Q11	-.377	.000
Q12	.271	.000
Q13	-.129	.000
Q14	-.106	.000
Q15	.401	.000

MODIFICATION INDICES FOR LAMBDA X

	GOVERN	RECIPRO	COMPAT
Q18	.000	6.998	6.902
Q20	.000	.209	.413
Q29	.000	.160	.003
Q16A	26.948	.000	.315
Q16B	3.168	.000	.021
Q16C	3.417	.000	2.791
Q16D	9.939	.000	6.388
Q21	15.657	4.109	.000
Q22	16.060	.403	.000
Q23	.044	2.686	.000
Q24	6.479	.338	.000

ESTIMATED CHANGE FOR LAMBDA X

GOVERN	RECIPRO	COMPAT
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Q18	.000	.250	-.369
Q20	.000	.043	.090
Q29	.000	-.039	.008
Q16A	.442	.000	-.072
Q16B	-.140	.000	-.017
Q16C	.135	.000	-.184
Q16D	-.266	.000	.324
Q21	.406	.209	.000
Q22	-.400	-.060	.000
Q23	.022	-.176	.000
Q24	.275	-.064	.000

MODIFICATION INDICES FOR BETA

	COMMIT	EFFECTIV
COMMIT	.000	.000
EFFECTIV	2.862	.000

ESTIMATED CHANGE FOR BETA

	COMMIT	EFFECTIV
COMMIT	.000	.000
EFFECTIV	-.186	.000

MODIFICATION INDICES FOR GAMMA

	GOVERN	RECIPRO	COMPAT
COMMIT	.042	.000	1.050
EFFECTIV	.000	.000	.000

ESTIMATED CHANGE FOR GAMMA

	GOVERN	RECIPRO	COMPAT
COMMIT	-.044	.000	-.070
EFFECTIV	.000	.000	.000

MODIFICATION INDICES FOR PHI

	GOVERN	RECIPRO	COMPAT
GOVERN	.000		
RECIPRO	7.631	.000	
COMPAT	3.796	.336	.000

ESTIMATED CHANGE FOR PHI

GOVERN	RECIPRO	COMPAT

GOVERN	.000			
RECIPRO	.134	.000		
COMPAT	-.054	-.015	.000	

MODIFICATION INDICES FOR PSI

	COMMIT	EFFECTIV
COMMIT	.000	
EFFECTIV	2.862	.000

ESTIMATED CHANGE FOR PSI

	COMMIT	EFFECTIV
COMMIT	.000	
EFFECTIV	-.025	.000

NO NON-ZERO MODIFICATION INDICES FOR THETA EPS

NO NON-ZERO MODIFICATION INDICES FOR THETA DELTA

MAXIMUM MODIFICATION INDEX IS 26.95 FOR ELEMENT (4, 1) OF LAMBDA X